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## NEWS SUMMARY

### GENERAL

## Russia may tighten its grip

Comecon, the East European economic alliance, is considering a change in its voting system which could force the economic policies of smaller Communist states into line with the Soviet Union and provoke serious strains within the bloc.

The nine countries involved—the Warsaw Pact states, plus Mongolia and Cuba—are expected to discuss the plan at a summit in Bucharest later this month. Comecon's present unanimous voting procedure would be replaced by a system making majority decisions binding on all member countries. Back Page

### Tax on company scholarships

Company scholarships awarded to directors or higher-paid employees to assist in the cost of educating members of their families are to be taxed as benefits in kind, the Inland Revenue has announced. The move, which will affect many long-established schemes, is a further stage in the clampdown on fringe benefits and is likely to be bitterly opposed. Back Page

### Olympic plan

Greater London Council leader Mr. Horace Carter suggested that an Olympic city could be built in London's derelict docklands to house the 1988 Olympic Games. The council may pay £50,000 for a feasibility study of the project. Page 8

### Girl fights ban

Theresa Bennett, a 12-year-old girl who has been banned from playing soccer with boys in the Newark Youth League, took her fight for equal opportunity to Newark County Court. She claims £2,000 damages, alleging that the Football Association is in breach of the Sex Discrimination Act, 1975. If she wins her case, the association will be unable to stop girls playing in junior football teams.

### Equal ownership

Husbands and wives should normally be equal owners by law of their homes—whether freehold or leasehold—properties or council tenancies—unless they agree otherwise, the Law Commission has recommended. Back Page

### Fabian dies

Ex-Detective Chief Superintendent Robert Fabian, former head of the Flying Squad, who retired in 1969 after 28 years in the Metropolitan Police, died in Epsom Hospital, aged 77.

### Carter accuses

The U.S. has firm proof that Cuba helped train Katangese forces that invaded Zaire last month, President Carter said. The country's cholera epidemic has claimed at least 68 lives, but seems to be past its peak, according to the Belgian Health Ministry. (African News, Pages 2, 4, 4 and 5)

### Saudis rapped

The Foreign Office has protested to Saudi Arabia about the public floggings of two British engineers for breaking the Muslim ban on alcohol. The men, who have been released, are awaiting repatriation. The British Embassy said at least nine Britons were still in jail for drink or other offences.

### Briefly

World Cup, second round: Holland 5, Austria 1 (in Cordoba); Italy 0, W. Germany 0 (in Buenos Aires); Brazil 3, Peru 0 (in Mendoza).  
Harrods staff picketed the store in Knightsbridge, London, claiming they were underpaid. Their union said they would return to work today when talks would be held with the management.  
Belfast woman, 35, was jailed for 14 years for causing an explosion which injured 20 people in a cafe.

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES	FALLS
Allied Retailers 228 +15	Brook 12pc 81 51084 -1
Ascd. Book Publishers 248 +8	Barclays Bank 330 -10
Bath and Portland 82 +5	Guinness Pot 285 -9
Breadon Cloud Lime 100 +8	Heron Motor 273 -84
Brown and Jackson 276 +7	LIOS 45 -7
Churchbury Estates 174 +7	McNeill Group 121 -4
Common Bros 168 +6	Pauls and Whites 10 -3
Eurotherm 35 +4	Pennine Motor 215 -10
Executives 210 +55	Trust Houses Forte 232 -16
Hartwells 106 +8	Stebens UK 144 -8
Lestrade 86 +4	Charter Comm. 133 -8
Lookers 173 +7	North Broken Hill 132 -8
Muthred 62 +7	Vakfontein 52 -10
Owen Owen 272 +25	
Stanley Hds. 124 +6	
Svan Hunter 388 +7	
Union Discount 177 +7	
Vesper	

### BUSINESS

## Equities subdued; Gold \$1½ up

● EQUITIES fell 2.7 to 471.9 in subdued trading, with the dull tone extended into late dealings following disappointment over the May trade figures.

● GLTS came in for profit-taking at the short end, and falls of ½ to 1 were recorded in shorts and longs. The Government Securities index closed 0.15 down at 70.62.

● STERLING closed 13 points down at \$1.327, with its trade-weighted index slipping to 61.3 (61.4). The yen rose to a post-war high against the dollar at ¥215.25 ahead of Japan's May trade figures. Page 4. The dollar's depreciation widened to 6.0 per cent (5.8).

● GOLD rose \$1½ to \$183½ in



generally dull conditions in London.

● COPPER price fell continued on the LME, with cash settling down \$13.5 to \$72.2, a time on news that U.S. producer, Arco, had cut its domestic price. In New York the price of copper fell back sharply in response to the LME reduction. Page 31

● WALL STREET closed 2.42 down at \$84.66.

● SHELL CHEMICALS has halted design work on a proposed £200m petrochemicals plant at Stanlow on Merseyside, because of a fall in world demand and resulting overcapacity in petrochemicals. ICI has said that some of its smaller petrochemical plants at Witton, Teesside, will be run-down within four to six weeks. Back and Page 8

● TUC is to launch a combined trade union campaign against the 40-hour working week, with a policy paper being prepared for next month's TUC economic committee meeting. Back Page

● NALGO annual conference at Brighton has approved continued dialogue with the Government on pay and the promotion of union moderation on future pay policy for its 710,000 members. Page 16

● BSC blast-furnace at the Llanwern works in South Wales will discuss today a peace formula aimed at ending their two-week dispute which resulted in the shut-down of the plant and the laying off of 4,900 steelworkers. Page 16

### COMPANIES

● NEB's controversial £5m investment in British Telecom Products has raised further questions from a Tory MP on financial transactions connected with the setting up of the company. Page 9

● WESTLAND AIRCRAFT, whose profits may be substantially lower last year after industrial trouble at its Yeovil helicopter plant, has decided not to pay an interim dividend. Page 22

● LONDON AND OVERSEAS Freighters report a loss for the year to March 31 of \$3.98m (\$4.53m) and the dividend is to be passed. Page 23 and Lex

● ROBERTSON FOODS pretax profits rose from £2.58m to a record £2.73m in the year ended March 31, on turnover of £72.53m (£53.77m). Page 25

# Labour holds on by majority of five

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN last night staked the future of his Government in a gamble to win a vote of confidence in the Commons.

The desperate last-minute move paid off—securing the assistance of the Liberals and Welsh Nationalists to give the Government a majority of five.

Amid jubilant Labour cheers, a Tory motion on Mr. Denis Healey, the Chancellor of the Exchequer, was defeated by 257 votes to 282. Thirty-eight MPs were paired, some at the European Parliament and others on a visit to the U.S.

The vote again underlined the Government's increasingly precarious position as the end of the Lib-Lab pact approaches and shortens the odds in favour of an autumn general election.

The victory boosted Labour morale and the Prime Minister was hoist on his own petard. The Labour benches as he told his party: "When the time comes we can appeal to the country in confidence, proud of our record, knowing that facing us is a bankrupt Opposition."

The Prime Minister said that he had treated last night's vote as an issue of confidence because of the damaging repercussions of the Government's defeat in the money markets and on the exchange rate.

The Government was determined to carry through its battle against inflation and to secure its devolution legislation, he said. "If we cannot get support from the House, we believe we should get full support from the country."

Though the vote was directed against the Chancellor, the Prime Minister said it was aimed in effect against the Government's whole financial and economic policies.

Mr. Callaghan's tactical move to turn the vote into an issue of confidence was taken only two hours before the debate began. A Government defeat, it was announced, would mean the dissolution of Parliament and an immediate general election.

The decision—ratified by a hastily summoned meeting of Cabinet Ministers at the Commons while Mr. Callaghan continued his talks with President Ronald Reagan at Downing Street—was prompted by a warning that the Liberals intended to vote with the Conservatives.

Mr. David Steel, the Liberal leader, told the Prime Minister that he could not restrain his MPs from joining the censure of the Chancellor unless the Government treated the vote as an issue of confidence.

Facing inevitable defeat if the Liberals were ranged against him, Mr. Callaghan acted rapidly to save the Government. Ministers agreed that there could be chaos in the money markets if the Government was defeated. And a separate confidence vote, invoking the Lib-Lab pact to uphold the Government, was delayed for a further day.

Mr. Callaghan decided to intervene in the debate himself in defence of the Government and the Chancellor. The Liberals responded by agreeing to abstain.

This gave the Government a paper majority of four—but with one Labour MP, Mr. Tom Litterick, absent abroad and uncertain about the attendance of Mr. Frank Macuire, the Irish Independent, the result of the division still looked in doubt. The two did not arrive to vote.

The Ulster Unionists, who, unknown to the Government, had earlier decided to abstain, ironically switched to support the Conservatives on the confidence vote. The Scottish Nationalists also voted with the Tories but the Government insured itself against defeat by persuading the three Welsh Nationalist MPs to abstain.

The Welsh Nationalists in a statement said that their action had been decided after assurances that any excess revenue from the employers' surcharge would be distributed in tax reliefs in the next Budget.

Sir Geoffrey Howe, Shadow Chancellor, launching the Commons attack on the Chancellor, accused him of "laying the foundations for a stagnant economy and an impoverished society."

"He has presided over a strategy for the demoralisation and destruction of British industry," he declared.

Boistered by the tactical moves in his support, Mr. Healey mounted a vigorous defence of his policies that brought a prolonged roar of cheers from the Labour benches.

The Chancellor lent support to City expectations that the first of a series of small cuts in the minimum lending rate would begin in a few weeks at the most. Mortgage rates should follow, he said. Mr. Healey claimed that his package of measures had already been a "resounding success. The Government had taken action to break the deadlock in the gilts market and to demonstrate its determination to keep the money supply under control," he said.

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## British Airways cuts some fares by 66%

BY LYNTON MCLEIN

BRITISH AIRWAYS is challenging the International Air Transport Association by introducing further cheap fares.

Reductions of 66 per cent will be offered from October 1 on all British Airways flights between the U.K. and Scandinavia, bringing the price of flying from London to Stockholm and back from £272 to £92. The only conditions will be 30 days advance booking and a minimum stay of seven days. The scheme, welcomed last night by Mr. Denis Healey, Secretary of Trade, will apply to flights to the U.S. from next spring.

Also from October, the airline is to cut UK domestic fares by 45 per cent for weekend travel on stand-by tickets. Pensioners will be eligible for 40 per cent fare cuts if they fly on Wednesday, Thursday or Friday.

Mr. Gerry Draper, director, commercial operations, said yesterday that British Airways could no longer be constrained by IATA in meeting growing customer demand for cheap fares.

The airline was not advocating complete deregulation of international air fare pricing—it wanted to take the lead in setting new, cheap fare standards.

"The time has come when world airlines have to recognise that the traditional scheduled fares have to go to meet cheap fare needs, the fastest growing area in air travel."

Mr. Draper is discussing British Airways' new low fare structure with all other international airlines and agreement has not been reached on the precise level of transatlantic fares in British Airways' new discount class.

The airline has proposed the re-introduction of several distinct classes on all its flights. In place of first class and economy class British Airways will offer three classes: first, club and discount.

First would have all the features of present first-class seats. Club would be the staple

form of travel for most businessmen, combining executive needs with the present economy class. Business passengers using this service still would be able to change tickets at will but would have a guaranteed number of seats.

At the moment, 23 per cent of British Airways tickets are standby or budget. Under the scheme proposed yesterday, 30 per cent of all seats would be at cheap rates.

Provisional fares between New York and London from next year will be £248, first-class return; £340 club-class return; and £149 discount return.

The new Heathrow-Aberdeen standby single will be £22, compared with £39.90 now.

● The best buy on British Rail for the journey between London and Aberdeen will be £26.68 weekend return, with £39.65 charged for the monthly return.

British Caledonian plans seven U.S. routes Page 8

Editorial comment Page 20

## Debts of IRI reach £11 bn

BY PAUL BETTS

THE ACCUMULATED debts of Istituto per la Ricostruzione Industriale, the giant Italian state holding company employing some 600,000 people and incorporating more than 180 concerns in Italy alone, have now reached £11,000m (£1bn), according to Sig. Giuseppe Petrilli, the group's chairman.

As a result, IRI, one of the pillars of the country's industrial structure, is facing its worst crisis for more than 30 years.

Addressing a special Parliamentary economic commission, Sig. Petrilli said IRI urgently needed a big new injection of funds for its current investment programme and to recapitalise many of its financially troubled companies.

He asked Parliament for an immediate increase of £2,000m in IRI's capital endowment: fund to complete its £6,000m 1978 and 1979 investment programme.

The group needed a further £3,500m to cover the accumulated losses of several of its companies—including Alfa Romeo and the outsider steel conglomerate—and reconstruct their base capital, he added.

Previous delays in the allocation of capital endowment funds had forced IRI to seek further short-term, high interest-bearing credits from the banks. Of the group's total £18,000m debt, nearly £7,000m was short-term, Sig. Petrilli disclosed.

IRI investments this year were expected to create about 6,000 new jobs. The figure would have been higher, but the holding company's policy was to maintain employment levels in a number of loss-making companies.

The group is considering a further long-term package of investments totalling about £6,500m which will bring IRI's overall investment target to about £13,700m. In the depressed south, IRI is investing £1,700m and planning further investments of £2,500m.

Sig. Petrilli emphasised the social role IRI played in the Italian economy. This often involved risks not normally faced by other Italian industrial groups. Between 1970 and 1976, IRI's contribution in creating new manufacturing sector jobs in southern Italy represented as much as 41 per cent of the total, while in national terms IRI's contribution amounted to no more than 6 per cent.

ROME, June 14.

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## SHARP VARIATION AGAIN IN MAY CURRENT ACCOUNT

# UK back into trade deficit

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN'S CURRENT account moved back into deficit again last month after the record surplus in April.

This year's pattern of sharp month-to-month fluctuations is continuing, and about half the £392m deterioration in May — for a deficit of £49m — is explained by movements in the more erratic items, notably precious stones, and by an industrial dispute at Southampton docks.

Consequently the underlying — remaining obscure, though it is clear that rising North Sea oil production is offsetting a sluggish export performance and a steady growth in manufactured imports. In the last three months there has been a £150m improvement in the current account compared with the December-to-February period for a surplus of £105m. This is fully explained by a narrowing of £200m in the visible deficit on trade in oil.

The latest figures produced mild disappointment in the foreign exchange market yesterday. After an initial fall, sterling soon recovered and closed only 13 points lower at \$1.327. The trade-weighted index slipped by 0.1 to 61.3.

Prices of gilt-edged stock fell by between ½ and 1 and there were doubts in the market about whether the new £1bn ultra-long tap stock would be over-subscribed when offered this morning.

BALANCE OF PAYMENTS			
£m seasonally adjusted			
	Visible trade	Invisible	Current account
1977 1st	-947	+454	-493
2nd	-764	+399	-365
3rd	-754	+483	-271
4th	-45	+441	-496
1978 1st	-574	+269	-305
Jan.	-338	+90	-248
Feb.	+43	+89	+132
Mar.	-279	+90	-189
Apr.	+223	+120	+343
May	-169	+120	-49

The reception is still seen as finely balanced, given that an £800m short tap is on offer on Friday. However, a £7m issue by South Tyneside Council was over-subscribed more than 100 times yesterday.

North Sea oil remains the main bright feature of the figures. The deficit on visible oil trade is less than three-fifths of the figure a year ago, and less than half the gap of two years ago.

Otherwise, the picture is not so encouraging even when the more erratic items, such as ships, aircraft and precious stones, are excluded.

On this basis, the volume of exports of manufactured goods Continued on Back Page

## Britain warned against seeking bilateral fishing agreements

BY MARGARET VAN HATTEN

MR. OLAV GUNDELACH, the EEC Fisheries Commissioner, tonight spelled out a clear warning to Britain: there will be no more major concessions on fisheries policy, and any attempt to bypass the Community and seek bilateral agreements with third member states had gone a long way to meet its special requirements in the European Court of Justice.

In a major statement to the European Parliament in Strasbourg, Mr. Gundelach said negotiations for an EEC common fisheries policy appear to have reached a stalemate. British demands for special treatment "just a bit too far," he said.

His recent tour of EEC capitals had shown that the gap between Britain and the other eight member states had, if anything, widened since the informal meeting of fisheries ministers in Berlin last January when the other eight concluded a "gentleman's agreement," ex-

cluding Britain, to abide by Commission proposals for 1978. Mr. Gundelach said Britain had consistently delayed progress towards a common fisheries policy, despite the fact that both the Commission and the other member states had gone a long way to meet its special requirements in the European Court of Justice.

He warned that any member state which tried to negotiate, formally or informally, for arrangements with third countries would be taken immediately to the European Court of Justice.

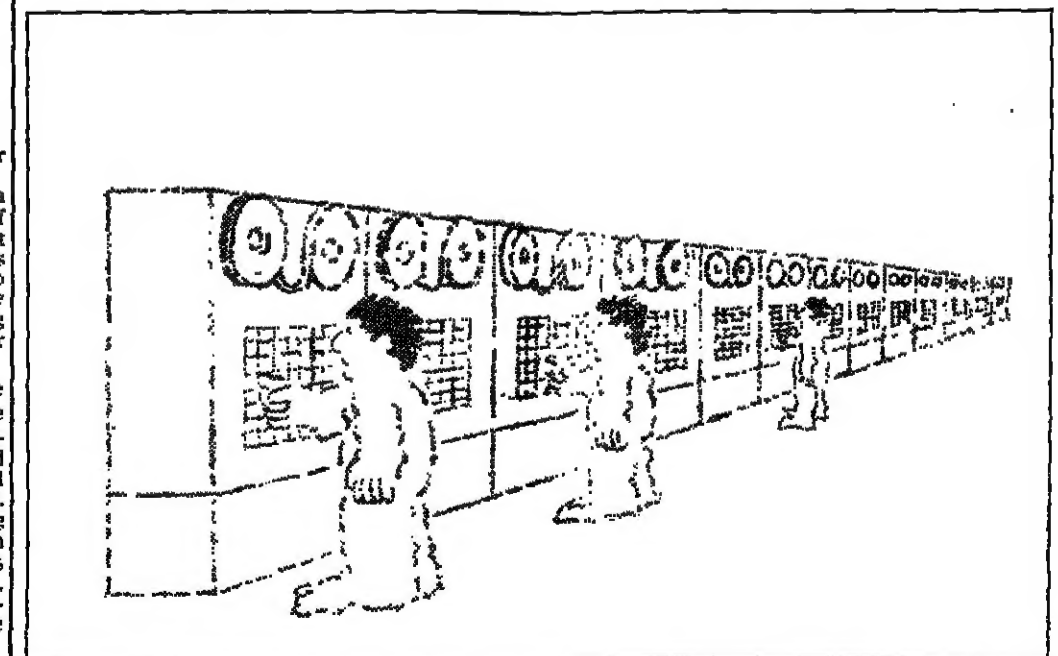
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## EUROPEAN NEWS

## THE OECD MINISTERIAL MEETING

## Pledge on free trade to be renewed

BY ROBERT MAUTHNER

PARIS, June 14

MINISTERS FROM the Organisation for Economic Co-operation and Development (OECD) countries will tomorrow renew the trade pledge which they first adopted four years ago and which commits those countries to refrain from taking unilateral measures which restrict the free flow of world trade.

A slightly modified version of the pledge has been approved by the majority of the 24 member countries, but its formal adoption by the organisation's Foreign and Finance Ministers at their two-day annual meeting here was postponed until tomorrow, pending the arrival in Paris of Mr. Edmund Dell, the British Secretary of State for Trade.

At the same time, conference sources said that the Finance Ministers of the so-called Group of Five—the U.S., West Germany, Japan, the UK and France—would have a separate meeting here tomorrow, or possibly in London on Friday, devoted mainly to preparations for the

Western economic summit, due to be held in Bonn next month.

Only the preamble of the trade pledge, which is considered to be an important element of the industrialised world's overall economic strategy, has been modified to take account of developments since 1974.

It emphasises in particular that the difficulties encountered by several industrial sectors in many of the member countries are an important source of tension in the trade field and that there is a continuing risk that unilateral trade and other current account measures could touch off a protectionist chain reaction.

Every effort should be made to identify sectoral problems before they assume critical proportions, the preamble goes on. Action in this field should be confined to measures which did not transfer the burden of adjustment to trading partners and which minimised distortions to trade.

At today's meeting of foreign ministers—the finance ministers

do not meet until tomorrow—little or no reference was made to the specific expansionary measures which individual countries should adopt to speed up growth in the industrial world.

While there was general agreement that, given the gloomy forecast by the OECD secretariat that growth in the area as a whole would be no more than 3.5 per cent in 1978, a concerted growth strategy was urgently required, the West Germans and Japanese still refuse to accept the idea that specific growth and domestic demand stimulus targets should be fixed for individual countries.

Even the U.S. still has doubts on this score and it thus remains highly questionable whether the participants in the Bonn summit next month will be able to agree on any quantitative commitment. Most of the emphasis today was on what the OECD secretariat calls "positive adjustment policies," namely the abolition of anti-cyclical measures which

have been taken in many countries to prop up ailing industries and protect jobs in uncompetitive sectors.

Mr. Emile Van Leemput, the OECD Secretary-General, set the tone for the discussions by emphasising that, given present high unemployment, there were increasing pressures to modify domestic policies in ways that undermined the role of market forces "in the dynamic process of continuous adjustment."

The continuation on a large scale of policies which tended to lock labour and capital into declining activities would, in the longer run, make the industrialised economies more inflationary and less productive.

This remarks were immediately taken up by Mr. Cyrus Vance, the U.S. Secretary of State, and Hans Dietrich Genscher, the West German Foreign Minister. Trade liberalisation must be accompanied by national policies which encouraged economies to adjust to changing trade patterns, Mr. Vance said.

Policies to assist industries should not become protectionist, Government subsidies to specific sectors or companies in trouble should be reduced progressively and should be linked with the phasing out of obsolete capacity and the promotion of new industries, Mr. Vance said.

Britain, however, still has strong reservations about the new emphasis on phasing out Government subsidies and job protection measures. Mr. Frank Judd, Minister of State for Foreign Affairs, said that the adjustment process must be carefully tailored to reduce hardship to a minimum.

Our Foreign Staff adds: Mr. Edmund Dell was expected to announce that the UK was prepared to join in renewing the pledge for one more year, but to emphasise that, unless the world economy could be improved the present international trading system would continue to crumble, pledge or no pledge.

## Promise by West on Namibia settlement

By David White

PARIS, June 14

FOREIGN MINISTERS of the five Western countries involved in Namibian settlement initiatives today pledged to renew their co-ordination efforts.

Dr. David Owen, the British Foreign Secretary, made no comment after the hour-long meeting this morning, but U.S. sources said the talks "went well."

A bald communique issued afterwards said the ministers "took note" of the recent meeting in Luanda between the South West African People's Organisation (SWAPO) and five front-line black states. The African leaders are apparently pressing to get a settlement along the lines of the Western proposals back on the rails.

Michael Holman writes from Lusaka: The South West African People's Organisation (SWAPO) will accept the five-power settlement plan for Namibia, say informed sources here, providing the 1,500 South African troops permitted during the transition to independence are based south of Windhoek, and the Western powers declare that, despite its exclusion from the plan, they regard Walvis Bay as an integral part of Namibia.

The SWAPO position, more flexible than its public stance which insists that Walvis Bay be incorporated in the Western plan, follows the meeting of the five front-line African states in Angola last weekend.

The front-line leaders are prepared to formally endorse SWAPO's acceptance provided these two conditions are met. The sources believe the Western powers would be prepared to issue the Walvis Bay Declaration, but are pessimistic about South Africa's willingness to position their troops in the south.

## Giscard defends economic policy and Africa strategy

BY DAVID CURRY

PARIS, June 14

THE FRENCH President M. Giscard d'Estaing, today strongly defended both the economic and the African Government's policy of his Government and clear challenge to the military intervention he had ordered in a number of African countries.

At his first press conference for almost 18 months he defined the African policy as one of "stabilisation contributing to the maintenance of the possibility of détente."

Although he did not directly criticise Soviet and Cuban policy in Africa he repeated his familiar policy of such criticism—that détente had to be global to be effective.

French troops have been in action supporting the Mauritania and Chad governments against rebellions backed respectively by Algeria and Libya while today the final detachment of troops in Zaïre began its pull-out to return to France.

The President defined three results of the African policy: stabilisation; proof that France had the capacity and the will to fulfil her commitments; and reassuring French citizens that they would be protected.

He was careful to assert that in each case French action had been defensive, limited and aimed towards the search for a political solution, and at the request of the African government.

M. Giscard d'Estaing examined the cases of Africa: intervention in Chad, the Sahel, and the Zaire.

M. Giscard d'Estaing said that France's task was to catch up in turn claiming that each had been the minimum necessary to respect treaty obligations when

French citizens had been under attack or threatened, and when the African Government faced a challenge to its authority.

On economic policy, the President denied that there was any distinction between his views and those of his Prime Minister, Raymond Barre.

He repeated his commitment that France will seek a faster economic growth rate than the average of her European partners. He would aim at an extra 0.5 to 1 per cent, he said, and in 1977 and 1978 the rate was likely to be 0.7 per cent.

Blaming the recession on the high cost of energy and the technological challenge from new industrial countries, the President said that, in addition to the Government's policy of correcting imbalances in the economy, such a policy was essential if France were to return to full employment.

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French citizens had been under attack or threatened, and when the African Government faced a challenge to its authority.

On economic policy, the President denied that there was any distinction between his views and those of his Prime Minister, Raymond Barre.

He repeated his commitment that France will seek a faster economic growth rate than the average of her European partners. He would aim at an extra 0.5 to 1 per cent, he said, and in 1977 and 1978 the rate was likely to be 0.7 per cent.

French unemployment fell to 1,037,000, he said, adjusted, from 1,042,000 in April, the Labour Ministry said yesterday. Rising exports from Paris, job offers rose to 94,600 on an unadjusted basis in May from 90,600 in April, the Ministry said.

He announced that in 1979 there would be a special measure to permit companies to increase their capital by up to 5 per cent by a free share issue to their work force.

He affirmed that the austerity programme guaranteed maintaining the purchasing power of workers and he defended his social policy by announcing the advance of the minimum wage to 14.5 francs an hour, or 12,000 francs a month.

On the political front, the President spoke of three legislative proposals: measures to limit the number of national deputies and senators; to hold by one person to two; proposals on the financing of political parties; and most controversially, the possibility of restoring proportional representation to local government elections.

These measures respond to some extent to criticism formulated by the Opposition during the series of so-called "summit" meetings between the President and the main Opposition leaders.

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Blaming the recession on the high cost of energy and the technological challenge from new industrial countries, the President said that, in addition to the Government's policy of correcting imbalances in the economy, such a policy was essential if France were to return to full employment.

M. Giscard d'Estaing said that France's task was to catch up in turn claiming that each had been the minimum necessary to respect treaty obligations when

## Bonn Cabinet tackles rail losses

BY ADRIAN DICKS

BONN, June 14

THE WEST GERMAN Cabinet today made a determined effort to get to grips with the financial difficulties of the Deutsche Bundesbahn, the federal railways.

It authorised a series of cost-cutting and rationalisation measures, and directed Herr Kurt Gscheidele, the transport minister, to work out a series of alternatives by which the railways would be relieved of financial responsibility for the permanent

programme of closures, involving up to 6,000 kilometres of passenger-service track and 3,000 kilometres of goods-service track, is to be continued. But services are being substituted for uneconomic rural lines.

The Transport Ministry is to bring railways and postal country buses into a single, integrated network by the end of next year.

The railways are to receive additional aid to build up investments in more profitable freight systems such as containers and the play-back carriage of lorries. Herr Gscheidele is also empowered to review the tax-free status of the inland waterways, the main competitor to the railways for bulk freight business.

in the main new building project, that of a new trunk route from Hanover to Würzburg, which is intended to ease the Rhine valley bottleneck on the present principal north-south main lines.

There is also to be a thorough review of the cost structure of commuter services, with an increase in local authorities' shares in the financing of uneconomic routes.

Herr Gscheidele is hoping for savings of some DM600m a year. The figure is likely to disappoint those who had hoped to hear new ideas from the Cabinet on how to reduce the level of deficits. These are running at DM12-13bn a year, on top of an accumulated debt for the railways of DM 30bn at the end of last year.

There is likely to be a delay

There is likely to be a delay

There is likely to be a delay

## 'Positive response' to Zaire plea

BY GUY DE JONGHERES

BRUSSELS, June 14

THE ZAIRE Government claimed this evening to have received a "positive response" from a Monetary Fund.

M. Andre Ernemann, the Belgian chairman of a two-day meeting here between Zaire and 10 of its Western creditors, said this evening that the IMF negotiations would be "extremely difficult and painful" and would take some time to complete.

But substantive discussions of Zaire's demands for increased Western assistance to finance the longer-term projects of the Bank and the EEC Commission, named in President Mobutu's economic recovery plan appear unlikely to take place before the end of this year at the earliest.

Zaire has been seeking almost \$1bn for long-term investment in the next three months as well as medium-term balance-of-payments support. But many of its creditors appear unwilling to meet these requests until they can judge the progress which it is making in restoring economic stability, and see the outcome of the planned relief aid will come

from a speeding up of programmes already in operation, rather than from fresh contributions, and will take the form of goods rather than financing.

Foodstuffs and medical supplies are likely to account for the bulk of the shipments, and it has apparently proved difficult to meet Zaire's demands for fuel and raw materials.

Moreover, most of the donor countries have insisted on playing a part in supervising the distribution of the supplies to ensure that they reach their intended recipients. Germany, Canada and Belgium, together with the EEC Commission, are believed to have made precise offers today, though Britain, the U.S. and France are understood to have asked for more time to consider the size of their contributions.

It has been agreed that the participants at today's talks will meet again in the autumn.

## Callaghan hails role of Romania in Mideast

BY OUR FOREIGN STAFF

MR. JAMES CALLAGHAN, the UK Prime Minister, said yesterday that his visit to Britain by Mr. Nicolae Ceausescu, the Romanian President, set the seal on the steadily increasing scope of Anglo-Romanian relations.

At a lunch held in President Ceausescu's honour, Mr. Callaghan praised the Romanian leader's statesmanship and the "valuable role" which Bucharest has played in trying to bring about progress in the Middle East. Both Mr. Menachem Begin, the Israeli Prime Minister, and Mr. Anwar Sadat, the Egyptian President, have visited Romania, which is the only East European country to have relations with Israel.

In his speech, Mr. Callaghan referred specifically to Anglo-Romanian trade and described the 1977 joint trade turnover as encouraging. The Romanians are known however to be dissatisfied with the amount of British purchases from their country which has resulted in a substantial imbalance in Britain's favour.

Mr. Ceausescu's talks with Mr. Callaghan yesterday apparently spanned the full gamut of world affairs, focusing on disarmament, East-West affairs, as well as the Middle East.

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## Oil self-sufficiency ends

BY ROGER BOYES, RECENTLY IN BUCHAREST

MR. NICOLAE CEASESCU, the Romanian President, was understandably pleased on Tuesday when the Queen praised his country's "resolute stand" and "heroic struggle" for independence. Maintaining a relatively independent position within the Warsaw Pact and Comecon is the cornerstone of Ceausescu's foreign policy, and indeed his political fortunes rest on its maintenance.

Yet Romanian autonomy depends on rather more than international relations, deriving in the first place from a degree of self-sufficiency in energy resources. As the only major oil producer in Eastern Europe besides the Soviet Union, it has avoided having to tailor its economic policies in return for Russian crude.

Times, however, are changing. As it pushes ahead with its ambitious industrialisation plans, Romania has become a small importer of oil and looks set to become a large one by the end of the 1980s.

Mr. Ceausescu is determined to industrialise rapidly, and one of the main growth sectors in this process is petrochemicals, which further increases the need for oil. Romania's oil reserves are sufficient, according to Western estimates to allow production at the current rate of 14.5m-15.5m tonnes per year to be maintained for the next decade. But unless new fields are discovered, a decline in production can be expected in the 1980s.

During the 1960s, domestic oil consumption was significantly below production, thus facilitating substantial exports of oil products. Now, however, because of the increased domestic demand and the continued export of petrochemicals, Romania is expected to import about 6m tonnes of crude.

Romania is determined to buy this oil from non-Comecon sources, such as Iran and Libya. But according to Western diplomats in Bucharest, it may have oil to buy—albeit in small measures call for substantial investment

crude from the Soviet Union in the late 1980s or radically cut its industrial growth rate.

The high price of Middle East oil has caused considerable concern to Romanian planners—so much so that Romania may relent and turn to the cheaper Soviet imports.

The long-mooted Constanta oil project—refining Kuwaiti crude in Romania for eventual export—illustrates the difficulties Bucharest faces in oil deals with the Middle East. Intent on minimising foreign involvement in its economy, Romania is firmly resisting Kuwaiti proposals for a share in the refinery's profits and holding out for one-off payments per shipment.

Romania is understood to be sounding out Nigeria to replace Kuwait in the project. But with a new OPEC price rise in the offing, the potential of Soviet oil will become more attractive.

Natural gas production: Romania's energy strength is primarily in the hydrocarbons—oil is a similar problem. Natural gas output has been sufficient to meet domestic demand during the past 10 to 15 years, and to provide for a small export to Hungary from the Transylvanian fields. But since 1970 output has not increased and is expected to peak at about 30m cubic metres. This is enough for present production but if, for instance, the chemical industry is to grow as rapidly as planned, gas will have to be imported—almost certainly from the Soviet Union.

Romanian planners expect to electrify some 95 per cent of the country by 1980 and are planning to make more use of hydro-electric generated power. They expect that such power could provide about 11 per cent of the country's primary energy requirements by 1980.

But there is also a tendency to switch to thermal power. But according to Western diplomats in Bucharest, it may have oil to buy—albeit in small measures call for substantial investment

It will also increase Romania's dependence on imports of brown coal and lignite—imports which may well come from Comecon.

It is unclear how deep Romanian energy dependence will bite. There is a wide-ranging energy saving programme and energy planners talk of the growing role of nuclear power. But the planners' concern is evident. Romania cannot stay as independent from Comecon as its foreign policy dictates unless growth rates are scaled down in the 1980s.

President Ceausescu, on his present form, will be reluctant to slow down the pace of industrialisation, which he has equated with all-round better living standards. But the price of such growth may be high: an increasing dependence on Soviet and East European energy resources and the full incorporation of Romania into the Comecon fold.

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EUROPEAN NEWS

# Swedish energy body gives backing for nuclear power

BY WILLIAM DUFFLORCE

STOCKHOLM, June 14.

SWEDEN'S Energy Commission has decided by a majority of ten to five that nuclear waste can be safely treated and stored. The majority recommends that nuclear power continue to be an energy source but leaves open the question of how many reactors should be built. Sweden currently has ten in operation or in various stages of construction.

The Commission was set up by the Government early last year shortly after the three non-Socialist parties had won power in an election during which the new Prime Minister, Mr. Thorbjörn Fälldin, had promised to do away with nuclear power. The Commission's final report, tabled yesterday, does nothing to resolve the impasse within the coalition over nuclear policy and paves the way for a government crisis later this year.

The question now is whether the national conference of Mr. Fälldin's Centre Party at the end of this week can open the way for any compromise acceptable to the moderates (Conservatives) and Liberals, who favour continuation of the nuclear programme. The minority of five within the Commission which opposed nuclear power comprised the two Centre Party representatives, a Communist and two outside experts.

Its chairman, Mr. Ove Rainer, stated that the conclusions of the Commission majority left room for political compromise but he pointed out that it was backed by a large majority within parliament and the trade unions, which should make a political decision possible.

Mr. Rainer also stated that he had never experienced such intolerance and lack of respect for others' views as during the Commission's work. The whole energy situation was in political deadlock.

The Minister of Energy, Mr. Olof Johansson (Centre Party) said yesterday that the final decision on nuclear policy would be based on the current investigation into the nuclear fuel safety project, which the industry affirms will meet the requirements laid down in the nuclear safety act passed by the present parliament, and on current international investigations into nuclear safety.

He has promised that a decision will be taken in August about the fueling of the two reactors now nearing the commissioning stage. In the final analysis this decision will depend on the conscience of Mr. Fälldin.

# Norwegian production costs 'must be reduced'

By Our Own Correspondent

STOCKHOLM, June 14.

**STRONGER MEASURES**, including a more severe reduction in domestic consumption, must be taken to reduce Norwegian industry's production costs to the level prevailing in the competing countries, the Norwegian Federation of Industries urges in its latest economic survey. It expects industrial production (excluding oil) to drop by 2 per cent in 1978, which will be the fourth successive year of either decline or only marginal growth.

Last year Norway's traditional exports slumped by 4.5 per cent in volume. The Federation evaluates the loss in market shares to Nkr 2bn (£200m) and warns that the non-oil export industry will continue to lose market shares for several years to come.

During the first four months of this year the value of exports dropped a further 2 per cent and the Federation estimates that, even with an improvement later in the year, there will be another fall in export volume of about 1 per cent in 1978.

The reason for this poor performance, the Federation believes, lies in the development of Norwegian labour unit costs which rose 25.30 per cent more than those of Norway's main competing countries in the 1974-77 period. Industry's costs needed to be adjusted so heavily and so quickly that it was unrealistic to hope that the problem could be solved through an incomes policy alone, the Federation states in a shot aimed at the Labour Government.

The Federation wants domestic demand, including public consumption, to be reduced further. The Government has hesitated to act more strongly because of the effect on employment but the Federation argues that there is no other course.

# SPAIN'S UNEMPLOYMENT

## The high cost of cutting inflation

BY ROBERT GRAHAM IN MADRID

SPANIARDS ARE paying for a successful curb on inflation by an increasingly high level of unemployment. One of every 14 of Spain's active population has no job. If the number of marginally employed is added, the proportion is almost one in 10.

The calculations are based on figures provided by the National Statistics Institute for the first quarter of the year. Although the accuracy of the Official figures is open to challenge, no one will dispute that Spain is experiencing the highest level of unemployment since the 1950s. Ministers and senior officials are giving the matter the utmost priority while the opposition parties and the trade unions are increasingly vociferous in their demands for remedial measures.

The official figure has yet to top the psychological barrier of 1m. According to the National Statistics Institute, at the end of March 927,500 people were either out of a job or seeking to find employment for the first time. A further 1,86,000, primarily in the agricultural sector, were considered to be marginally employed. The total active population is 13.2m.

These are the figures which the Government's works from and are accepted as the most accurate by the Communist controlled trades union. Though the Socialist orientated trades union puts the figure as high as 1.3m. The Ministry of Labour, using its own resources, says in its latest estimates, for February, that the unemployment total is 744,702.

The National Statistics Institute uses a sample of 60,000 households and while the model is considered good, there are uncertainties in its operation.

The most disturbing global trend is the steady upward movement of unemployment in the past four years. Since 1974 the number of unemployed as a percentage of the total active population has moved from 1.39 per cent to over 8 per cent.

The structure of unemployment has remained relatively constant with almost 40 per cent comprising school leavers and graduates in search of their first job. However, the picture has

altered slightly with more ment of both the amounts of emigrant work elsewhere in Europe, suffer far more in a recession. Excess labour in the South has been the main dynamic behind internal migration to the more prosperous areas, supplying the bulk of cheap industrial labour, especially in the construction sector. When, as now, construction activity falls in Barcelona and Madrid, immigrant labour is the first to be squeezed. There is a note of urgency about dealing with unemployment in the South since opinion could easily become radical there.

The Government appears to be in a dilemma. With the question of regional autonomy still unresolved until the new constitution is approved, the granting of special regional aid packages is not easy. The Government would also like to devolve more responsibility for local employment to the municipalities. Yet this can only happen once the municipal elections have been held, and they are not due before the end of the year.

Added to this there are economic considerations attached to a mild recession which any significant job creation initiatives must entail. Unemployment and the spectre of unemployment has been the chief weapon which the Government has used to impose its 22 per cent ceiling on wage rises for 1978. Almost certainly that ceiling will have to be substantially lower next year—probably halved if Spain is to continue to control inflation and prepare for recovery.

**The virtual halving of inflation in Spain to an annual rate of around 17 per cent by April and the unprecedented level of foreign reserves of \$7.3bn have been achieved at the expense of depressed demand and high unemployment.**

In tackling unemployment the authorities will have to focus on four main issues—the regional imbalance in Spain, the particular problems of individual sectors like shipbuilding or agriculture, the need to increase the proportion of women in the labour force. Regional imbalance is arguably the most important, for unemployment is at its worst in precisely those areas where economic development is least advanced. For instance, parts of Andalusia, like Cadiz, Malaga, and Seville, have jobless unemployment ratios ranging between 14 to almost 18 per cent—almost double the national average. In these areas moreover, with-out the former safety valve of unemployment.

In other words the Government has to weigh the social and political consequences of allowing unemployment to follow market forces, as it does at the moment, against the prospect of restarting the inflationary spiral. There will be a temporary respite during the coming summer months as seasonal employment and the construction sector pick up. But in the autumn there will be a new crop of school leavers and projections of 1 per cent economic growth do not allow much hope even for a halt to the overall rise of

# Bomb hits Rome's lighting

BY PAUL BETTS

ROME, June 14.

THE DAY-TO-DAY reality of political violence in Italy has again been forcefully brought to the public's attention when left-wing Red Brigades terrorists bombed and seriously damaged a Rome power station causing a major black-out in several districts of the capital.

The attack came only hours before Sig. Virginio Rognoni, the new Interior Minister, was sworn in today by President Giovanni Leone.

The surprise appointment of Sig. Rognoni, a little-known Christian Democrat politician, up to now Vice-President of the Chamber of Deputies, was announced late last night.

Following the resignation of Sig. Francesco Cossiga after the Moro affair, the sensitive Interior portfolio was taken over on an

# U.S. citizens in Moscow worried by arrest

MOSCOW, June 14.

MISS VIRGINIA OLBRIISH, a U.S. embassy secretary engaged to Mr. Francis Jay Crawford, the businessman arrested by Russian police on Monday, visited him at a KGB security jail here today.

Meanwhile members of the American business community, worried by the arrest, consulted U.S. diplomats at a working lunch. "There's a great deal of concern about whether this is the sign of things to come," one of them told reporters afterwards.

Miss Olbriish, who took clothing and other personal effects to the jail today was with Mr. Crawford when police pulled him from his car in the heart of Moscow on Monday evening. He faces smuggling charges for which he could be given up to 10 years in a labour camp.

U.S. officials are known to regard the police action as retaliation for the arrest last month of two Soviet employees at the United Nations. The two have been accused of stealing U.S. military secrets.

Mr. Crawford's arrest is also seen as a symptom of the strains in Soviet-American relations over such issues as human rights and developments in Africa. There is speculation that police were told to act as they did, rather than arresting Mr. Crawford at home or at work, to cause the maximum shock to U.S. leaders and public.

A few hours before Mr. Crawford was seized the Soviet Government newspaper complained of anti-Soviet hysteria in the U.S. over recent spying allegations, and said: "we're not scared easily."

Mr. Crawford, aged 34, who has worked here for two years for International Harvester, is understood to be denying the charges. Another U.S. businessman, who asked not to be named, said he and his colleagues were told by their embassy to "keep our noses clean."

Reuter

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## AMERICAN NEWS

## Filling station ban on refiners upheld by Supreme Court

BY JUREK MARTIN

WASHINGTON, June 14.

THE SUPREME COURT may well have set in train today a course of events that could alter the face of petrol retailing in the United States, even to the point of leading to the effective dismantling of the direct marketing operations of the major oil companies.

The court today upheld a Maryland state law which specifically prohibits oil producers and refiners from directly operating their own retail filling stations in the state.

The Maryland law was enacted after the 1973 Arab oil embargo when a state commission found that company-operated service stations were getting all the petrol they needed while independent dealers were being denied supplies.

The major oil companies, led by Exxon, Shell, Gulf, Ashland and Conoco, took legal action against the law but were defeated in the State Court of Appeals. After today's action by the Supreme Court, Exxon issued a statement expressing disappointment at the court's verdict and saying that it would lead to higher costs to the consumers.

Only the District of Columbia has legislation similar to that in Maryland. But both Delaware and Virginia have passed moves in the same direction and a number of other states have expressed interest in such a law. It will now be up to the individual state legislatures to take the necessary action, which will inevitably be a time-consuming and uncertain process.

Nevertheless, the Supreme Court opinion made it clear that, irrespective of whether such laws made economic sense or not, the primacy of the states in this area could not be doubted.

Justice John Paul Stevens, writing for the majority, said:

## Energy price-rise urged

BY OUR OWN CORRESPONDENT WASHINGTON, June 14.

THE WORLD'S major industrialised countries should sharply increase energy prices so as to encourage conservation and development of alternative sources of supply, according to a report issued here under the auspices of the Trilateral Commission, the influential private group which seeks to promote closer co-operation between the U.S., Europe and Japan. It adds that current known oil supplies are probably adequate to meet demand for several years and possibly into the early 1990s.

The Commission's report has to be seen in the context of the debate over the adequacy, or otherwise, of existing fossil fuel reserves. The U.S. Administration has tended to argue that shortages are not far over the horizon, while industry studies have contended otherwise, providing that the oil companies are permitted more aggressive exploration and exploitation.

The basic message of the Trilateral Commission's report is that the apparent energy surplus of the mid-term future may first out to be a mixed blessing because of its deterrent to conservation and the development of alternative energy supplies. The report, whose principal author, Mr. John Sawhill, is a former U.S. Federal Energy Administrator, calls for higher

## Carter discounts Castro denial of involvement in Zaire invasion

BY OUR OWN CORRESPONDENT

PRESIDENT CARTER told a news conference today that the U.S. has "firm proof" that Cuba helped train the Katangan forces that invaded Zaire last month, but said he had no desire to set into a public debate with President Fidel Castro of Cuba on the subject.

He said he planned no "retaliatory action" against Cuba nor did the U.S. intend

to become further involved in Zaire or in any pan-African intervention force. He went out of his way to reassure President Julius Nyerere of Tanzania who has been critical of the U.S. reaction to reported Cuban involvement.

Mr. Carter was responding to President Castro's statement on Tuesday that Cuba had not been involved in the invasion and that U.S. statements to the

contrary were lies "manufactured" by Dr. Zbigniew Brzezinski, the President's national security adviser, and others.

"The fact is that Mr. Castro could have done much more if he genuinely wanted to stop the invasion," Mr. Carter said.

The Washington air is currently thick with information from sources who cannot be named but whose information,

according to other informed sources inside the Administration, proves that the U.S. is telling the truth. Some of these officials provided more evidence to bolster their case at a White House briefing last night, but there is no independent way to verify what was said.

According to reports of their briefing last night, these officials said that in March last

year the first invasion of Shaba Cabans and East Germans were province in Zaire was planned and prepared in "close co-ordination" with Cuban and Angolan troops using arms from Cuban and Angolan stockpiles.

Last summer, these officials continued, Cuban units were training Katangans in at least five locations and planning for the May incursion began as

WASHINGTON, June 14.

long ago as June, 1977. Both involved with some 5,500 Katangans in Angola in August of last year.

Further, these officials said U.S. intelligence suggests that Cuban troops accompanied the Katangans as far as the Zambian border before the May invasion. The Katangans had to cross through a small part of Zambia before entering Zaire.

complexities of African affairs—and the differences between countries—to be allowed to play such a public role in Africa policy. They believe, in short, that he has over-reacted to Soviet actions and driven the President into a corner where he has little alternative but to "play it tough."

Zbigniew Brzezinski said in a recent interview that one of his roles was "to stiffen the back of the Administration."

Yet in practice Zbigniew is not filling the vacuum to anything like the extent that some of his critics charge, and it is highly probable that he would not want to. He remains a close personal friend of Mr. Vance in spite of the clear policy differences between the State Department and the National Security Council.

Zbigniew himself says that the differences between him and the rest of the Administration are mostly a matter of degree. He strongly supports détente, wants a new arms control agreement. But he also believes that the U.S., with the trauma of Vietnam behind it, is now in a strong position to challenge the Soviet Union ideologically.

## Brzezinski: voice in disharmony

BY DAVID BELL IN WASHINGTON

Castro of Cuba singled out Dr. Brzezinski and accused him of "manufacturing" lies about Cuban involvement in Zaire. By contrast he paid heavily qualified compliments to both Mr. Cyrus Vance, the Secretary of State, and President Carter.

The Soviet Union has been but mild-mannered Secretary of State; 18 months into the first Nixon Administration the friction was clear between Rogers and Kissinger. Eventually, Mr. Rogers was pushed aside and Mr. Kissinger became Secretary of State.

Eighteen months into the Carter Administration it is tempting to draw the parallel. But it would probably be misleading. At the start of his Administration, Mr. Carter said that he favoured a "collective" approach to foreign policy-making. Out of this grew a sort of triumvirate: Mr. Vance, Dr. Brzezinski, and Mr. Andrew where.

swaying the President to listen to his views.

Inevitably Dr. Brzezinski's recent prominence brings to mind his predecessor, Dr. Henry Kissinger. He, too, began his public career as National Security adviser, working with Mr. William Rogers, a pleasant but mild-mannered Secretary of State; 18 months into the first Nixon Administration the friction was clear between Rogers and Kissinger. Eventually, Mr. Rogers was pushed aside and Mr. Kissinger became Secretary of State.

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## Citibank warning of new credit crunch ahead

BY STEWART FLEMING

NEW YORK, June 14.

A WARNING that the U.S. is elsewhere in the country bank heading for another credit crunch has been growing concern because of a report from Citibank, the second largest U.S. commercial bank.

In its monthly economic letter, Citibank says that the current period would be a "mild recession" if the rate of expansion were to come to an end.

The bank says that the rate of expansion would be "mild" if the rate of expansion were to come to an end. It points out that the rate of expansion would be "mild" if the rate of expansion were to come to an end. It points out that the rate of expansion would be "mild" if the rate of expansion were to come to an end.

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## Singer blow to New York city

By John Wiley

NEW YORK, June 14.

THE SINGER company, which has been based in New York city since 1853, has dealt a blow to the city's economy by announcing that it is moving its headquarters out of New York City.

Although the departure seems to have eased the city's two or three year surplus decision to leave New York City, it has not been a powerful lure for many cost-conscious corporations.

Singer plans to move to Stamford, Connecticut in 1979 where it says it will achieve substantial savings on operating costs.

Most notably \$500,000 a year in which it is paying taxes on its rent and occupancy taxes on its headquarters at Rockefeller Plaza, Manhattan.

## Strike fails to halt the News

By Our Own Correspondent

NEW YORK, June 14.

THE NEW YORK Daily News achieved a lower than normal distribution of a 64-page newspaper this morning in spite of a strike by 1,340 staff.

Journalists and commercial staff went on strike yesterday afternoon with the expiry of a three-year contract.

They have been working since March 30 without a new pay contract and negotiations yesterday remained deadlocked over a number of issues.

The management's desire to cut production costs.

Eight of the ten craft unions at the Daily News have pledged to support the Newspaper Guild, which represents the strikers, but the management is confident that a small staff of non-union members and managers will be able to produce a newspaper again today.



# WORLD TRADE NEWS

## Carter's task force hopes to broaden Exim range

BY JUREK MARTIN

WASHINGTON, June 14.

THE SPECIAL interagency task force convened to devise ways of stimulating sluggish American exports is expected to present its report to President Carter within the next week.

The task force, headed by Mrs. Juanita Krops, the Secretary of Commerce, was created by the President earlier this year in the face of the growing U.S. trade deficit. Over the first four months of the year, the U.S. incurred a deficit of \$12.5bn, nearly \$5bn up on the record pace achieved in the same period of 1977.

While the key reasons for the shortfall are essentially macro-economic—the level of U.S. imports and growth differentials between the U.S. and its major trading partners—a consistently disturbing figure has been the extremely modest advance of exports. The 5 per cent increase achieved so far this year, compared with last year's returns, is less than half the 12 per cent rise in imports, and has given strength to the popular belief that American competitiveness in world markets has been sorely weakened in recent years.

The task force is known to be considering a number of broad lines of action. Heading this list are:

- Expanding and liberalising the activities of the Export-Import Bank. So far this year, under the more aggressive leadership of Mr. John Moore, an old Georgetown associate of the President, export loans approved by the Eximbank have quadrupled, and the Administration has already asked Congress to increase the Agency's lending authorisation to \$40bn from its current \$25bn ceiling.
- It is thought possible that the task force will recommend that the Eximbank be empowered to finance not only foreign buyers of U.S. goods as at present, but also export-oriented plant and equipment expenditure in the U.S.
- New tax breaks and incentives for exporting companies with a particular intention of encouraging companies which have to date ignored the export market to enter it. Companies may, it is speculated, be given credits for establishing foreign sales offices and be given faster depreciation on export capital investments.

The underlying feeling is that the export trade is still too dominated by the major multinational companies. At a special seminar in Pennsylvania yesterday, one of a series being held across the country, the acting president of the Overseas Private Investment Corporation (OPIC) told a group of executives from small and minority owned firms that "the nation's international business is too important to leave to big business alone."

The Administration would still like to phase out the use of DISCO—the domestic international sales corporation device—on the grounds that only the major multinational companies avail themselves of the opportunities provided and at a cost to the government which is not justified by the returns in increased exports. But it is also accepted that, in the light of the trade deficit and powerful lobbying pressures being exerted on Congress, such action is unlikely in the near future.

● Also on the probable task force agenda is an easing of regulatory obstacles to companies wishing to get into the export business, greater government assistance in both product and research and the identification of potentially lucrative markets for U.S. exporters, and perhaps the creation of a global computerised network using U.S. government offices overseas which would be made available to exporting companies.

## Britain and Japan agree on computer software exchange

BY MAX WILKINSON

THE Japanese ambition to move into European markets is indicated by the recent agreement by Siemens of Germany to market Fujitsu's larger computers. Fujitsu also has links with Amal in the U.S.

The Computer Services Association has distributed a detailed account of its members' specialities to Japanese computer manufacturers, and has undertaken to act as a broker between any manufacturer and software companies in the U.K. Its efforts in market British software run parallel to those of the National Enterprise Board which has set up a subsidiary called Inspec to sell software in the U.S.

The four companies which are co-operating with Inspec are members of the CSA, but as yet Inspec itself has not joined, and the co-operation between the efforts of co-operation between the two bodies appears so far to have been considered.

The Japanese Computer Software Association, representing 130 software companies in the U.K., is expecting to sign an agreement for exchange of programmes with the Japanese Software Institute by the end of next month.

The link-up is being supported by the Department of Industry and the Japanese Ministry of Trade and Industry.

Mr. Alan Benjamin, director of the Computer Services Association, said last night that he hoped the understanding now being reached would lead to sales of up to £50m worth of software a year in the next few years.

## Low British content in export to West Germany

FINANCIAL TIMES REPORTER

GOODS BRITAIN bought from West Germany last year were 33 per cent German manufacture. There is no doubt that the figure for 1977 will be higher.

The results of the investigation, which were published by the Federal Republic, showed that British content in goods exported to West Germany was only 33 per cent. This is a far lower figure than the 53 per cent British content in goods exported to West Germany in 1976.

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## New Fraser attack on EEC

BY DAVID WHITE

PARIS, June 14.

MR. MALCOLM FRASER, the Australian Prime Minister, said in an interview here that the Australian leader emphasised the importance of the Multilateral Trade Negotiations in Geneva and the forthcoming economic summit in Bonn.

The decisions taken in Bonn and Geneva, he said in an interview with the afternoon newspaper *Le Monde*, would determine the choice between freer trade and a 30-year retrogression into protectionism.

In the last year, he said by way of example, Australia's wine sales to Europe had fallen by half because of "arbitrary rules by the EEC. It is an inequitable and irresponsible attitude," he said.

Mr. Fraser, who arrived here after talks in London, is due to go on for a meeting with Chancellor Helmut Schmidt in Bonn.

## Dutch dollar risk scheme attracts strong interest

BY CHARLES BATCHELOR

AMSTERDAM, June 14.

THE DUTCH Credit Insurance Company (NCM) has improved the cover it gives on export contracts denominated in U.S. dollars. It has reported strong interest for the scheme, which it introduced at the request of exporters and banks.

Banks can obtain cover from the NCM for the payment risks attached to loans granted in the U.S. which are recently introduced a similar scheme, although there is no direct link, according to the spokesman.

Dutch exporters have been pressing for improved facilities to stimulate the country's sluggish foreign trade performance.

## Nepal-India hydro project

BY OUR OWN CORRESPONDENT KATHMANDU, June 14.

WITH THE signing of an agreement between Nepal and India for the construction of the \$38m Devidhat hydropower project, Nepal has taken another step towards its aim of fully tapping the vast hydropower resources of the Himalayas.

Nepal's powerful rivers, which drop from 12,500 to 700 ft altitude in less than 100 miles, carrying millions of tons of water into the Ganges river system each year, hold 82,000 MW estimated power potential or the installed capacity of Canada.

Hydro-power capacity of the Himalayas, the U.S. and Mexico together, according to experts here, of that, Nepal utilises 67 MW.

Previously India, who over the past 25 years has been Nepal's largest aid donor, built the 1,200 MW Panchsagar project.

## Jordan aims to be technology centre

BY RAMI G. KHOURI IN AMMAN

AMMAN, June 14.

THE PROPOSAL by Jordan's Crown Prince Hassan last week that a Euro-Arab centre for the transfer of technology be established in Amman may at first appear to be the whimsical suggestion of a very Western-oriented and technocratic thinking Arab—an assessment which would be unfair.

The suggestion, made by Prince Hassan at the second Arab-European Business Cooperation Symposium in Montreux, Switzerland, is in fact the latest in a more or less studied series of initiatives designed to open Jordan as a natural commercial gateway into the vast Middle East market, as well as something of an indigenous Arab

technology is very much the child of necessity and circumstance, and initiatives such as this are Jordan's attempt to forge a regional niche for itself instead of always being buffeted by the economic forces that blow all around it.

While it has no oil wealth, Jordan does enjoy a well-educated and technically trained population. This has led to a high regional demand for Jordanian Prince Hassan's initiative to workers, to the point where nearly 300,000 Jordanians now work outside the country, and the domestic workforce of only 400,000 is insufficient to fill all Direct-General. Dr. Albert Butros, has become more aggressive in seeking out the practical problems of hundreds of small-scale industries which it can



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Kunichi Ohga, Manager, traffic operation department, Canon Amsterdam NV, Schiphol-Oost, Holland.

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KLM Cargo carries most of our Tokyo-Amsterdam cargo, and a good deal of our many onward air deliveries from Schiphol to Africa, the Middle East, and throughout Europe.

And we fly in more than cameras: our plain-paper copiers may be bulky for air transport, but they are in such demand that we need lots of them here in a hurry. Naturally enough, most of them fly with our friends at KLM Cargo."

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We have worked with Canon at Schiphol for nine years; ever since they moved from Geneva. They are not "easy" customers. Mr. Ohga is a top professional and he can make life very hard for us—as he did during a delay at Bangkok last year. And he is no sentimentalist; if he sees a better service than ours, he will buy it. That suits us fine: we didn't come into the airport business (57 years ago) looking for a lazy way to make a living.

**Cameras don't take pictures.**

People do. And just as the most magnificent Canon equipment is only as good as the person who uses it, so with all our modern aircraft machinery.

We fly in and out of 40 places in Europe, and 70 others worldwide. Our 2500 cargo specialists have the latest wide-bodied aircraft, some 3500 unit load devices, the right computers, the right schedules and contacts and charter possibilities. (We're at home at Schiphol, where our

**Can reliability be exciting?**

Some people find reliability boring and unexciting; they don't work for us. May be it's because we're Dutch. We get great satisfaction out of doing a difficult thing and getting it right time after time. We're proud of this attitude—and proud to be working for people as successful—and as demanding—as Mr. Ohga.



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## Visit by top-level German industrialists to the Paris Machine-Tool Exhibition

The "Syndicat des Constructeurs Français de Machines-Outils", this delegation from West Germany, the major customer of the French machine-tool industry, included:

Messrs. GUNTHER (Ford AG, Köln), Dr. ROTH, MENCK (Mannesmann AG, Düsseldorf), HILSMANN (Hoesch Werke AG, Dortmund), KROGER (C.D.H. Central Vereinigung Deutscher Handwerksmeister und Handelsmakler-Verbände, Köln), BORNATSCHE HANKE (Deutsche Bebock AG, Oberhausen), BENKERT (Bosch-Stiemens Hausgeräte GmbH, München), VOLZ (Messerschmitt-Bölkow-Blohm GmbH, Ottobrunn/München), SCHLADE (Süddeutsche-Bremson AG, München), SCHMITZ (Dornier GmbH, München), PHILIDUS (Diehl, Nürnberg), HELLER (Motoren und Turbinen Union München GmbH, München), Dr. RAUSCHENBACH (M.A.N. AG, Augsburg), FUNK (Bekardt AG, Stuttgart), MANGELS (Daimler-Benz AG, Stuttgart), RAISER (Orto Durr, Stuttgart Zuffenhausen), Dr. SCHMITZ, BIENERT, MÖLLER (Magirus Deutz AG, Ulm).



# THE NEW LANCIA GAMMA. CATCH ONE IF YOU CAN.

The new Lancia Gamma Gran Turismo isn't quite the fastest thing on four wheels.

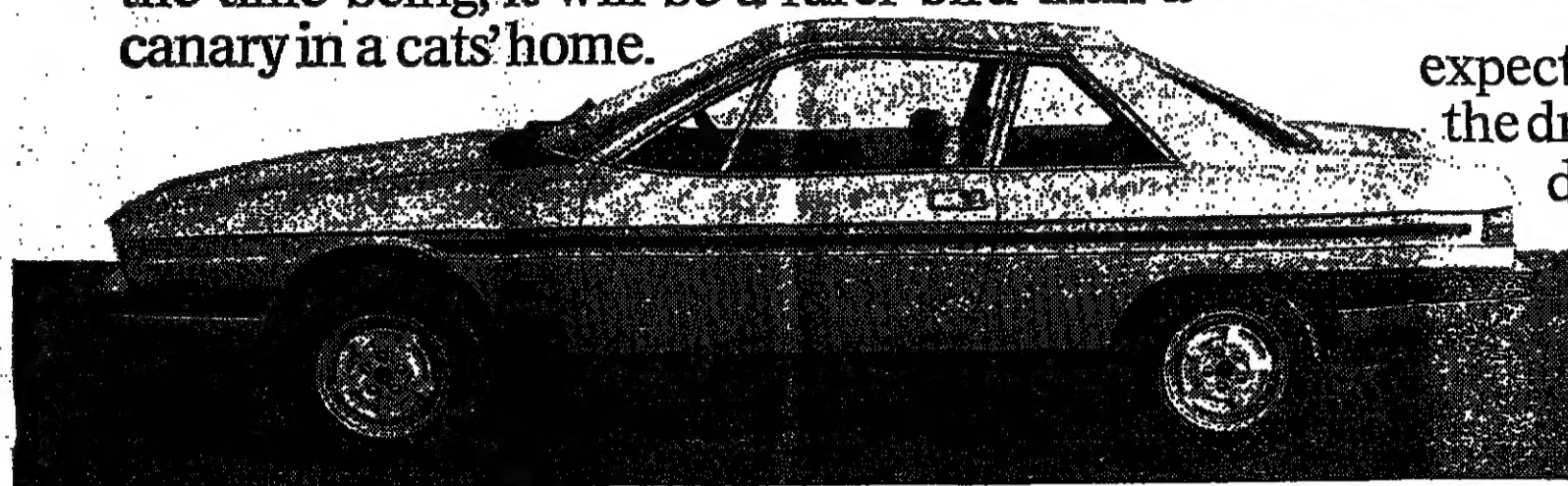
A handful of very expensive cars will, we confess, comfortably exceed its maximum speed.

Nor does the new Gamma have the most astounding acceleration money can buy. Certain Ferraris, Porsches and such would, we admit, beat it from a standing start.

It's just that pre-launch demand for the new Lancia flagship has been so great that, for the time being, it will be a rarer bird than a canary in a cats' home.



Lancia Gamma Berlina £7,135-83\*



In fact, no more than 400 Gran Turismos will appear on British roads over the next year. Gamma Berlinas will be a little more plentiful. As many as 800 may be in this country by the end of the year.

But apart from its rarity value, what sort of car will you get if you move smartly down to your Lancia dealer in an attempt to become one of the first of the few?

In the first place, the new

expect. It has thickly padded, cloth covered seats, the driver's being adjustable to give you the perfect driving position, whatever your shape or size.

There is also an adjustable steering column. Thick carpets you'd be happy to lay at home. A heavily padded roof. Built-in adjustable head rests. Electric windows with central and individual controls. Even a remote controlled, electrically adjustable overtaking mirror to keep your right hand dry.

But if you'd like to find out for yourself all the reasons why the Lancia Gamma is about to be in



Lancia Gamma Gran Turismo £9,185-67\*

such short supply, call your Lancia dealer and ask for a test drive.

If you're lucky enough to catch one, you'll probably be caught.

**The most Italian car.**

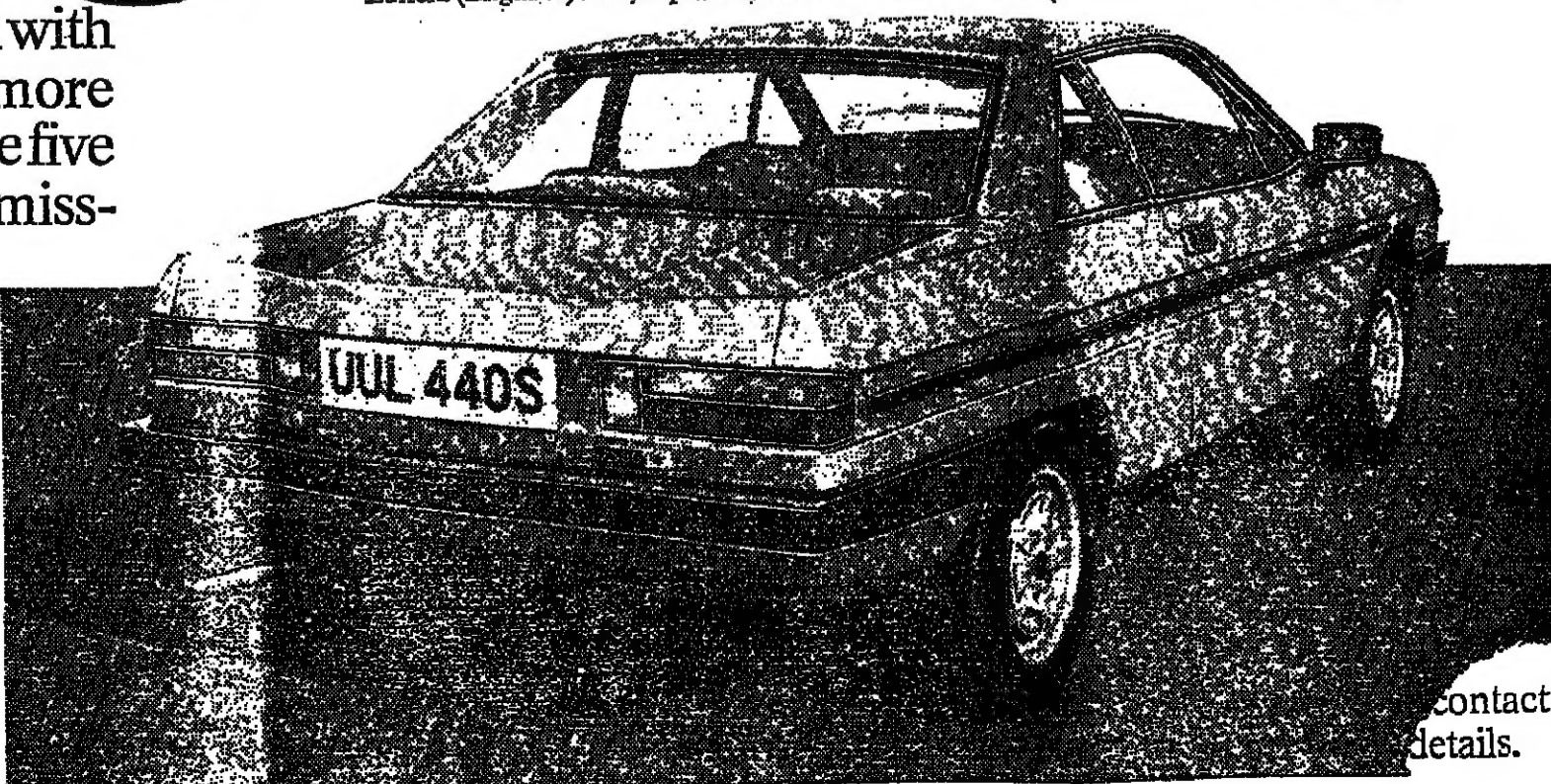
Lancia (England) Ltd., Alpertown, Middx. Tel: 01-998 5355 (24-hour sales enquiry service).

Gamma is quite as quick as its sleek Italian looks promise.

Its new 2½ litre boxer engine provides you with effortless speeds in excess of 120 mph. Even more important in these days of speed restrictions, the five speed gearbox enables you to reach more permissible speeds at a breathtaking pace.

The handling should please you too. It has front wheel drive (like most Lancias since the legendary Fulvia) that helps it take corners as if they were straight lines. Effortless but sensitive power steering. And power assisted, all-round, disc braking that is more than a match for the car's performance.

The Gamma is as luxurious as you'd



Contact details.

\*Prices include VAT at 8% and car tax, inertia reel seat belts and delivery charges (UK mainland), but exclude number plates. Personal Export: If you are eligible to purchase a Lancia free of taxes, contact our Export Department.



## HOME NEWS

## British Caledonian plans seven US routes

FINANCIAL TIMES REPORTER

BRITISH CALEDONIAN has lodged applications with the Civil Aviation Authority for a new network of services next spring to seven U.S. cities.

The services, due to start on April 1, will provide a direct link between London's Gatwick airport and Pittsburgh, Cleveland, St. Louis, Kansas City, Minneapolis/St. Paul, Denver and New Orleans.

British Caledonian said yesterday that all the services would be run on the three-cabin low-fare system introduced by it on the Gatwick to Houston route. In some cases, because of the shorter distances, prices could be less than the £69 now charged on the Houston route. Full service details have to be settled.

British Caledonian's applications to the authority come less than a month after an exchange of letters between President Carter and the Prime Minister. President Carter asked Britain to allow an American carrier to operate from London to Boston, which was not part of the 1971 Bermuda agreement.

There was seen as opening the way for further development by British carriers in the U.S. Mr. Adam Thomson, British Caledonian chairman, said the airline had been consulted over the exchange of letters and had replied urging that Britain should agree the U.S. request and then seek more opportunities for British airlines in the U.S.

## Bigger loads

Mr. Thomson described the British Caledonian initiative as truly innovative because, instead of increasing services to existing ports, it will for the first

time directly link Britain and U.S. cities.

Since the introduction of the three-cabin plan three months ago, with a wide range of fares on the Houston route, average load factors had increased from 55 per cent to 80 per cent.

Pan American begins the "cheapest transatlantic fare in history" today with a £27 standard by flight from Amsterdam to Boston. The Amsterdam to Boston route replaces the London to Boston route and for four weeks the company is offering special introductory rates.

Until July 14, a Boston to Amsterdam ticket will cost \$89, about £54, and Amsterdam to Boston will cost \$90, or about £57. From July 15, the rates will be \$153, about £85, Boston to Amsterdam, and \$124, about £66, in the other direction.

All daily flights are non-stop, no-frills flights on Boeing 707s.

## British Rail puts £4m more into art

BY ERIC SHORT

THE British Rail superannuation fund invested a further £4.0m in works of art last year according to the report and accounts.

This brings the total investment to £12.7m at book value, the price paid for the items.

Altogether, the fund has acquired 800 items, the most famous being the sketch of the Titopole ceiling originally painted in 1743. A number of these works are on loan to museums.

This type of investment accounts for only 3 per cent of the main pension scheme, by valuation, a small proportion of the total funds. Nevertheless, there have been strong objections to the principle of investment in works of art by a pension fund, and by some members of the fund.

A resolution has been submitted at the forthcoming annual meeting by a member of the York branch, seeking to stop these investments. A similar resolution submitted two years ago by the same member was defeated.

The report shows that the combined funds, which cover the non-manual employees of British Rail, rose by more than £50m in 1977. The funds had in excess of £100m to invest. The main fund, valued at £54.0m, invested £37m in UK equities, £13m in overseas equities, £33m for the share in acquiring Edinburgh and Dundee Investment Trust and £14m in property.

The latest actuarial valuation reveals a deficiency of £140m for the part of the fund guaranteed by the rail board and this is underwritten by the Government.

A deficiency of £26m was revealed in respect of benefits not guaranteed. This is being met by the Government.

The position with regard to the benefit and contribution changes made in April 1978.

Workers ask for Tenneco bid inquiry

MORE THAN 2,000 workers at the Marchon works of Albright and Wilson at Whitehaven, Cumbria, want a Government inquiry before the American Tenneco group is allowed to take control of the company.

Marchon, which makes detergents and toiletries, is the highest plant in the Albright and Wilson group. Unions involved with the management of both the British and American companies today.

Albright and Wilson shareholders have been recommended to accept Tenneco's latest offer. Liverpool-based Ocean Trading and Transport will cut the share of its ocean fleet division by 40. The redundancies will involve management and office personnel. The Liverpool staff will be trimmed by 30 and Tilbury staff by 10.

Hygiene, the kitchen furniture concern, will cut the workforce at its Merseyside factory on the Kirby industrial estate by 200 to 300. Last year it stood at 1,500.

The industry has been hit by overcapacity, low prices, sharply falling growth rates and a loss of profitability in important sectors.

It is perhaps not surprising that ICI has chosen its own, smaller, ethylene plant at Wilg, Teesside, as the first casualty in the series of proposed plant closures which is threatened by ICI as a result of an industrial dispute. The dispute is over the shortage of skilled workers to look after the instrumentation in plant control rooms.

Olefine 4, the ethylene cracker which ICI says it will have to shut next week, has been in use for only a few months since "prolonged maintenance" last year.

ICI says the plant is working to full capacity of 200,000 tonnes a year. But many other companies in Western Europe have prolonged maintenance shut-downs in an attempt to run the remaining plants more efficiently.

The closure of ICI's smaller ethylene plant could take longer than normal to hit under present market conditions of stagnant demand and spare capacity.

Shell Chemicals UK has already discussed with ICI what effects any plant closure will have on ethylene supply.

Under the so-called North Sea swap arrangement, Shell takes about 50,000 tonnes via the trans-Pennines pipeline of ethylene a year from ICI on Teesside for use in its chemicals plants on Merseyside.

The Council of European Chemical Manufacturers' Federations expects EEC consumption of ethylene to grow by only 3.9 per cent a year from 1977 to 1981, compared with an estimate of 8 per cent little more than 12 months ago. According to the council's figures the UK had an effective ethylene capacity of 1.5m tonnes last year. This is expected to grow to more than 2m tonnes in 1981.

The UK Government and the trades unions have placed great store on the rapid expansion of ethylene capacity in the UK, based chiefly on the exploitation of North Sea feedstocks, especially ethane.

In 1976 the Government endorsed a plan which called for the building of four new crackers

in return Shell supplies ICI with ethylene on the Continent from its large cracker at Moerdijk for ICI's plants at Rosendijk in Holland.

Shell's postponement of its plans for a £200m cracker for Stanlow illustrates the flexibility which is developing with the supply of ethylene by pipeline in Western Europe, and the depressed state of petrochemical markets.

Shell's latest estimates of the growth in demand for ethylene in the 1980s indicate that there is no need for new cracker capacity in the UK until at least the mid-1980s.

According to the most recent survey by the Council of European Chemical Manufacturers' Federations, petrochemical producers are still building plants at a faster than demand is growing.

The over-capacity for ethylene is expected to have worsened by 1981. Ethylene is the most important petrochemical building block and is the raw material for a range of products, including plastics, fibres, detergents, paints, and antifreeze.

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## Edwardes drive to improve Leyland truck results

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

A NEW DRIVE to improve the performance of Leyland Vehicles, the former British Leyland Truck and Bus division, is being mounted by Mr. Michael Edwardes, the group's chairman.

Talks between Mr. Edwardes and senior managers at Leyland Vehicles, have already started with a view to achieving substantial productivity improvements.

The review is also expected to cover possible plant rationalisations, the present model range too exposed to overseas competitors.

In particular, some stressed at the annual meeting in London this week, he believes productivity has fallen to an unacceptable level, leaving Leyland far too exposed to overseas competitors.

Mr. Edwardes' singling out of Leyland Vehicles for special attention follows the completion of the main lines of his reorganisation of BL's car division. "He has made it clear in the last few days that he is not impressed by the long-standing reputation of the Lancashire-based truck and bus division as the main profit generator in the group."

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## Hunterston nuclear accident 'was caused by human error'

BY RAY PERMAN, SCOTTISH CORRESPONDENT

AN INTERNAL inquiry into the Hunterston B nuclear power station out of action for 18 months has concluded that it was caused by human error. No disciplinary action is to be taken.

The full cost of the incident and the effect on tariffs could be made public on Monday when the annual report of the South of Scotland Electricity Board, which owns the station, will be published.

Mr. Roy Berridge, chairman, has said that the Board will not go into detail, although there might have to be a 1 or 2 per cent increase in prices to pay for the damage and extra generating was corroded.

Investigating engineers found those responsible, but it does not mean that a temporary gross error in the cooling system without approval to bypass a faulty valve and that it had remained in position for six months.

Their report says that station staff should have foreseen the implications of making the modification and should not have done it.

As a result of the change sea water was sucked into the cooling system when the reactor was depressurised for maintenance advanced gas-cooled type—

the damage and extra generating was corroded. The report does not name the individuals responsible, but it does indicate that the incident was not a case of gross negligence.

The Board said last night that it would not be taken, but Mr. Donald Miller, director and general manager, is to interview all those involved in the incident.

Operating procedures at the station are also to be tightened. The report stresses that the accident had no nuclear implications and that the design of the go into detail, although there might have to be a 1 or 2 per cent increase in prices to pay for the damage and extra generating was corroded.

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## NEWS ANALYSIS - CRISIS IN THE CHEMICAL INDUSTRY

## A process of wage negotiation

BY NICK GARNETT, LABOUR STAFF

IMPERIAL Chemical Industries' decision to start running down a vital ethylene plant at its biggest petrochemical site results from another of those industrial disputes which look bizarre to outsiders.

The company says it is forced to start a programme of plant closures at its Wilton site on Teesside because of a shortage of artificers to service and maintain control-room instrumentation.

The unions, who across the company have severe difficulties in the control rooms, have nevertheless refused to co-operate in the training of fitters and electricians to be artificers. They want ICI to present improved wage rates for draftsmen first, over and above the company's present 10 per cent annual offer.

The result is that some jobs are under threat and long-term employment jeopardised in an area of high unemployment. If rates, which have caused an

exodus of artificers from the company—not only to oil-related work and private contractors but also to ICI's competitors.

Training artificers internally under present pay circumstances would not solve the company's problems because such newly-trained men would simply leave. The only long term solution would be a major improvement in craft rates, he says.

The company admits that artificers, which ICI says earn about £3,000 a year with overtime and shift payments are paid only marginally more than the highest grade fitters and electricians.

But it says that with the use of contractors enough artificers would remain after training to haul the company out of its present difficulties.

The stumbling block has been pay policy, which has been pressed differentials on the one hand and on the other made it

difficult for companies to overcome that problem within pay guidelines.

The issue has been complicated in ICI by belief of some union officials that the company could have done much more to improve differentials, possibly by a back door appeal to the Government over its difficulties in recruiting artificers.

For its part ICI is worried that at least at local level the unions have been using the shortage of artificers as a bargaining ploy to try to improve standards across the board, outside existing wage arrangements.

Eight unions, including the Transport and General Workers and the General and Municipal workers are party to ICI's annual work agreement. Company officials are seeking a broad repudiation of major structural changes in differentials during a period of strike pay policy.

ICI's decision to freeze design work on its proposed £200m ethylene plant for Stanlow, Merseyside, is a direct result of the crisis which has been developing in the petrochemical industry in Western Europe in the last 12 months.

The industry has been hit by overcapacity, low prices, sharply falling growth rates and a loss of profitability in important sectors.

It is perhaps not surprising that ICI has chosen its own, smaller, ethylene plant at Wilg, Teesside, as the first casualty in the series of proposed plant closures which is threatened by ICI as a result of an industrial dispute. The dispute is over the shortage of skilled workers to look after the instrumentation in plant control rooms.

Olefine 4, the ethylene cracker which ICI says it will have to shut next week, has been in use for only a few months since "prolonged maintenance" last year.

ICI says the plant is working to full capacity of 200,000 tonnes a year. But many other companies in Western Europe have prolonged maintenance shut-downs in an attempt to run the remaining plants more efficiently.

The closure of ICI's smaller ethylene plant could take longer than normal to hit under present market conditions of stagnant demand and spare capacity.

Shell Chemicals UK has already discussed with ICI what effects any plant closure will have on ethylene supply.

Under the so-called North Sea swap arrangement, Shell takes about 50,000 tonnes via the trans-Pennines pipeline of ethylene a year from ICI on Teesside for use in its chemicals plants on Merseyside.

The Council of European Chemical Manufacturers' Federations expects EEC consumption of ethylene to grow by only 3.9 per cent a year from 1977 to 1981, compared with an estimate of 8 per cent little more than 12 months ago. According to the council's figures the UK had an effective ethylene capacity of 1.5m tonnes last year. This is expected to grow to more than 2m tonnes in 1981.

The UK Government and the trades unions have placed great store on the rapid expansion of ethylene capacity in the UK, based chiefly on the exploitation of North Sea feedstocks, especially ethane.

In 1976 the Government endorsed a plan which called for the building of four new crackers

## Not what it was cracked up to be

BY KEVIN DONE, CHEMICALS CORRESPONDENT

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in return Shell supplies ICI with







PARLIAMENT AND POLITICS

# Callaghan goes to the brink

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT won its vote of confidence last night by a slender majority of five (282-287) in the Commons after a speech from the Prime Minister in which he threatened an immediate general election should the verdict go against him.

As the result was announced, jeering Conservatives rose in their seats to point accusing fingers at the Liberals whose last-minute abstentions saved the day for the Government.

In a sure-footed wind-up to the debate, Mr. Callaghan warned of the grim repercussions for the market and the exchange rate should the House decide to back the Tory motion of censure against Mr. Denis Healey, Chancellor of the Exchequer.

Mr. Callaghan then went in for some naked electioneering of his own. The Tories, he said, advocated a policy of sabre-rattling against the Soviet Union, tub thumping on hanging, shuffling on immigration, confrontation with the workers, and running away on devolution.

He told his cheering supporters: "When the time comes, we can appeal to the country with confidence, proud of our record and knowing that facing us is a bankrupt Opposition."

Looking at the laughing faces of Labour backbenchers in the debate, one would never have supposed that the Government was facing a cliff-hanging vote of confidence.

Their spirits had risen after listening to a swash-buckling electioneering-style speech from

Mr. Healey in which he defended his economic record and claimed that last week's package of measures had already received the blessings of the market.

He sat down to wave after wave of cheers from the Labour benches—probably the best reception that he has ever received for a speech in the House.

Government morale rose even more when Mr. David Steel, the Liberal leader, announced that his party would not be backing the censure motion. Indeed, Mr. Steel spent much of his time attacking the Tories and merely expressing "irritation" over the Chancellor's uncharitable behaviour towards the Liberals.

The House had listened to a long litany of charges against Mr. Healey from Sir Geoffrey Howe, the Conservative Shadow Chancellor, who—resorted to uncharacteristically tough language.

Putting the Chancellor in the dock, he accused him of ignorance matched by incompetence and recklessness, and of arrogance and deceit. According to Sir Geoffrey, Mr. Healey had promoted policies which had led to a stagnant economy, an impoverished society and the destruction of British industry.

Nor did he spare the Liberals. He remarked caustically on their abrupt retreat from the censure motion immediately they had heard of the Government's eleventh-hour decision to make it

a vote of confidence.

The Government was, he said "now summoning the rats to return to the sinking ship."

Rising to reply, the Chancellor certainly did not look like a prisoner called to justice. As Mr. Steel remarked: "He would not know a penitent's stool if he saw one."

With all his old pugnacity, Mr. Healey referred to Sir Geoffrey's indictment as "a tedious and tendentious forgery of motheaten press cuttings." Being attacked by Sir Geoffrey was, he said, "like being savaged by a dead sheep."

He delighted his supporters by attacking the Tories and to present their policies, a firm which included among its clients Penguin Biscuits, Fairy Snow and "Schhh... you know who!"

Mr. Healey jested: "You can't win the confidence of the electorate by selling a party like a soap powder."

Goaded the Opposition even further, he scattered his speech with references to the action he might take "in my next Budget" in the spring of 1979.

At that time, he explained, he might find it possible to increase employment by making tax cuts or by using other methods to offset the £1.5bn which will be brought in over a full year by the 2½ per cent increase in social security surcharge announced last week.

## Equal rights to property recommended

BY RUPERT CORNWELL, LOBBY STAFF

HUSBANDS and wives should by law, normally be equal owners of their homes unless they agreed otherwise, the Law Commission recommended yesterday.

The new rules would apply to freehold and leasehold properties and council tenancies.

This is the most important suggestion of a 400-page report from the Commission, chaired by Mr. Justice Cooke.

It also proposes that either marriage partner should be able to seek the court order giving him or her the right to use household goods owned by the other.

The report is split into three sections, which deal with co-ownership, rights of occupation, and enjoyment of household goods.

Each is followed by a draft Bill which if normal practice is followed, will become the basis of detailed legislation in the Commons within about two years.

The five-person Commission is a non-political body established 13 years ago to examine law reform.

The latest proposals are bound to arouse some controversy although the Commission has framed them only after exhaustive

## Blacklist tenders challenge by Tory

By Our Parliamentary Staff

MR. PETER SHORE, Employment Secretary, said yesterday that he did not believe the authorities would be challenged by the District Auditor if they refused to give effect to the tender to work on the Great Ouse.

However, he made it clear he could not give a complete guarantee of immunity from such action.

Mr. Shore was challenged by Mr. Norman Tebbit (Conservative) over the Government's delay in issuing orders for the application of sanctions to firms which had breached Phase Three of the pay policy.

Mr. Tebbit said that since a few weeks remained of the current pay policy in which the Government could not afford to refuse to pay, it was a matter of time before the Government had been forced to decide whether its actions would be justified if they were challenged by the District Auditor or in the courts of law.

Since the whole purpose of pay policy was to ensure that the Government could not be considered to be a major party in the national interest, I would be very surprised if local authorities got into any difficulty on that account," he said.

Mr. Shore added that the Government was considering how best to co-ordinate public purchasing and public contracts to see if the supply of orders could be smoothed regionally and nationally.

# Package has already proved 'a resounding success'—Healey

BY IVOR OWEN, PARLIAMENTARY STAFF

BRITAIN'S ECONOMIC and there would be repercussions in financial policies would have been put at risk had Mr. Denis Healey, the Chancellor of the Exchequer, been subjected to a personal censure, the Prime Minister told the Commons last night when his call for a vote of confidence in the Government secured a five-vote majority.

A Conservative motion seeking to have the Chancellor's salary reduced by 25 per cent after the result was announced, Mr. Callaghan and Mr. Healey were congratulated by jubilant Labour MPs and left the Chamber together amid a roar of exultant government cheers.

Earlier, the Chancellor, in one of his most effective Parliamentary speeches, claimed that the package of restrictive monetary and fiscal measures announced last Thursday had already achieved their objective.

With a buoyancy which belied the fact that he was fighting for his political life, and with it that of the Government, he insisted that the effect of the whole package would be to restore the outlook for the economy to what it was at the time of the April Budget.

Sir Geoffrey Howe, the Conservative Shadow Chancellor, demanded for a "guilty" verdict on Mr. Healey for the arrogance, incompetence, recklessness and deceit he had shown over the last four years, and for policies which had threatened to demolish and destroy British industry.

The Prime Minister justified his decision to call for a vote of confidence on the grounds that the Chancellor's position was central to the future of the Government itself and its policies.

If the vote against the Chancellor were carried, he warned,



Sir Geoffrey Howe

control with a package which had restored the integrity of the Budget and in both the fiscal and monetary fields.

These measures had already been "a resounding success," Mr. Healey quoted the leading article in last Saturday's Financial Times in supporting market expectations of the first of a probable series of small cuts in the minimum lending rate in a matter of days or at most a few weeks.

The Chancellor stressed amid Labour cheers, that the mortgage rate at 8½ per cent was still 1½ per cent below that in operation when the last Conservative Government left office.

Dealing with the effects of the so-called "corset" restrictions, on bank lending, Mr. Healey maintained that there would still be room for sufficient lending in British industry to keep expansion on the path laid down in the April Budget.

As the Financial Times had stated, this latest "squeeze" was mild by past standards, certainly when judged against that introduced by Lord Barber in 1973, and would have little effect on the sharp rise in industrial investment now expected by both the CBI and the Department of Industry.

There was scornful laughter from the Tory benches when Mr. Healey suggested that he might take action in next April's budget to mitigate the full effects of the 2½ per cent rise in the National Insurance surcharge. This, after raising the additional £500m needed to offset the effect of the additional tax cuts, would yield £1,500m in a full year.

Mr. Healey admitted to having been reluctant to impose the surcharge but argued that it was preferable to the alternative courses advocated by Opposition leaders.

The Chancellor reaffirmed the Government's view that inflation will remain at or about its present level for the rest of this year, but stressed that from December onwards, the rate of inflation would depend increasingly upon the level of wage settlement in the round beginning in August.

For the Tories, Sir Geoffrey referred to the Liberals as "rats rejoicing a sinking ship."

Of the decision to make the

## Tax relief hint too limited for Tories

BY IVOR OWEN, PARLIAMENTARY STAFF

SOME EXTENSION of the ordinary law. Tory MPs gave an unreserved welcome to the promise of a further concession on Clause 39 which increases the maximum capital gains tax relief from £20,000 to £50,000 for an individual aged 65 or over, who disposes of a business, with a corresponding proportion for individuals aged between 60 and 65.

Mr. Joel Barnett, Chief Secretary to the Treasury, said a change to be introduced at report stage would reflect the principle of a Conservative proposal by allowing the relief to be applied on a sliding scale. He explained that this would be an improvement on the normal marginal relief.

Mr. Barnett also made it clear that the talks which he is to have with Tory MPs and their tax advisers on the capital gains tax amendment—defeated by 15 votes to 13—which would have opened the way for relief to be given in cases where a creditor company's loss arises on a concession.

## Sanctions on 24 firms

A TOTAL of 24 firms are now being subjected to economic sanctions for having negotiated pay rises in excess of the Government's 10 per cent limit.

Mr. Joel Barnett, Chief Secretary to the Treasury, said in a Commons-written answer last night that since July 31, last year, major settlements under the current pay policy had been reached covering over 700,000 employees.

He said the Employment Department's comprehensive monitoring covered only major settlements which related to about half the total labour force.

## DSO, MC, MM...



now, when he sees a clock, he hides

THERE are limits to what the human mind can stand. For Major T... after years of bravery in Bomb Disposal, the limit comes each time he sees a clock. Every alarm clock is a bomb, each ticking watch a probable explosion.

Soldiers, Sailors and Airmen all risk mental breakdown equally in war and in keeping the peace. There are bombs much nearer to us than Cyprus, Aden or Malaya.

We devote ourselves solely to the welfare of these brave men and women who have tried to give so much more than they could. We help them at home, and in hospital. We run our own Convalescent Home. For some, we provide work in a sheltered industry, so that they can live without charity. For others, there is our Veterans' Home. If we are to go on helping them, we must have funds. Please send a donation, please sign a covenant, please remember us with a legacy, perhaps. The need is really urgent; and the debt is owed by all of us.

"They're given more than they could—please give as much as you can."

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## Prior attacks Labour employment record

MR. James Prior, Shadow Employment Secretary, said that Mr. Healey had heard of the Chancellor of the Exchequer at his worst—at his most arrogant, at his most cynical and at his most inexcusable.

"There is always someone else to blame," he said, "but the Tories are doing, or that business has not invested, or that wages have gone up too quickly or that the world economy has been expanding too fast or too slowly."

"I must say to Mr. Healey, on the 14th Budget that he has introduced, that there are some people for whom one cannot truthfully say that practice makes perfect. It certainly does not in the case of the Chancellor."

He reminded the Government that it fought the October 1974 election saying that unemployment was coming down, that inflation was under control. Mr. Healey had said there was no need for unemployment to reach one million.

"They have forgotten all that. They try and try again to pin the mistakes that they have made constantly and consistently over the last four years on the money supply problems of 1972-73 and it does not wash," said Mr. Prior.

Mr. Prior said that fear of a sterling crisis made the Chancellor act. It was not the tax cuts. It was a far deeper and far more serious crisis which began long before there was any question of tax cuts.

He said the Government had become a bad risk. It had to borrow and pay over the odds for the money at high rates. The public was not yet aware of the

## Liberals 'irritated' by policy switch

MR. DAVID STEEL, the Liberal leader, said that if the debate had been simply ticking off the Chancellor, "I and my colleagues would have had no hesitation in voting against him tonight."

The Government was right to consider that a vote against the Chancellor would be a defeat for the Government as a whole.

"It would cause havoc in the markets and Labour would be surveying the wreckage of the Conservative Government," he said.

"We have to consider whether it is right to allow our natural irritation with the Chancellor to bring about the downfall of the Government and destroy the programme of legislation we have embarked on and destroy all that has been achieved over the past 18 months."

Mr. Steel said that if these debates were going to be held they should be a kicking off for the Chancellor. "He wouldn't know a penitent's stool if he saw one"—or a serious economic debate.

He also criticised the Conservatives for not allowing the Commons to debate their own policies.

Inflation in the three months before the Lib-Lab pact had been 2½ per cent.

"I have no hesitation in saying, although it may not have done my party any good, that we were absolutely right to stick to the programme of economic recovery which brought inflation down to roughly 8 per cent. That should not lightly be set aside."

Mr. Steel said that he understood the Government's objection to the Liberals' proposals, on the grounds that they would put up the Retail Price Index when the Government was trying to counter inflation.

This was why the Liberals' discussions with the Chancellor before the Budget had been on employers' national insurance contributions.

The Liberals had proposed a 1½ per cent increase. They were told it was wrong because it was an employment tax and, even if it was right, it could not be done this year.

"Yet we find in June that it is possible and acceptable at a higher rate."

It was a different matter to increase the surcharge combined with tax and to do it after a 3½ per cent increase in the minimum lending rate.

Mr. Steel said that that was the cause of their irritation and anger with the Chancellor.

## Shipowners examine tanker conditions

BY LYNTON McLAINE

REPRESENTATIVES of British shipowners are conducting an investigation into the social conditions aboard oil tankers, a survey by the House of Commons committee was told yesterday.

The aim is to find out what motivates seamen and masters of vessels and what routes and operating conditions they are best suited for.

The survey is being carried out by the General Council of British Shipping and the International Chamber of Shipping.

Mr. George King, the chamber's chairman, gave details of the survey to Dr. Jeremy Bray (Lab.), Motherwell and the Wishaw, a member of the committee, who had asked about shipboard drunkenness.

## Wigg secures change in devolution Bill

THE GOVERNMENT was defeated by 15 votes (76-91) in the Lords yesterday over a proposal by Lord Wigg (Lab.) to remove betting and gaming from the Welsh devolution Bill.

Lord Wigg, who succeeded in making a similar change to the Scotland Bill earlier this week, said he was supported by all the statutory bodies connected with racing, including the Horse Race Betting Levy Board and the Tote.

The work of the Levy Board and the Tote have been of substantial interest to the country and should not be torn up in pursuit of a political chimera, the results of which are quite obscure, he added.

One of the merits of the Act dealing with county and voluntary schools,

gaming was that they operated in the British way.

Lord Harris, Greenwich, Minister of State at the Home Office, said the Assembly would have no legislative competence but would be operating within the framework of the existing law.

"Betting and gaming are primarily a matter for social or recreational activity, for which it is wholly appropriate for an elected assembly to have direct responsibility."

The Government suffered a second defeat, by 47 votes to 40, on a Tory proposal to ensure that the Assembly complies with a section of the 1944 Education Act dealing with county and voluntary schools.

## MPs throw out proposal to restrict direct labour

MR. FRANK ALLAUN (Lab., Salford) accused the building industry of "remarkable incidents of corruption" in the Commons yesterday.

He was attacking a bid by a Tory MP to bring in a private members' Bill to restrict the use of direct labour building departments by local authorities.

The Direct Labour (Restriction of Work) Bill, proposed by Mr. Michael Morris (Northampton S), was later rejected by MPs by 212 votes to 198, a majority against of 14.

Mr. Allaun described the Bill as a "reactionary attempt to stop councils from building their own council houses," and went on to refer to the "fear and hostility" towards direct labour by direct

tors of big building firms.

Direct labour building, he argued, brought important benefits to the community, and saved money for the tenants and ratepayers for the tenants and ratepayers.

He said that the Bill would otherwise cut the prices tendered by private builders.

Mr. Morris had earlier said he wished to see an end to direct labour being contracted by local authorities, or any public undertaking, for any form of new construction. Any contract worth over £100,000 should go out to competitive tender.

He believed direct labour operations should become separate trading services, subject to chartered accounts.

## Managers to see Healey

Financial Times Reporter

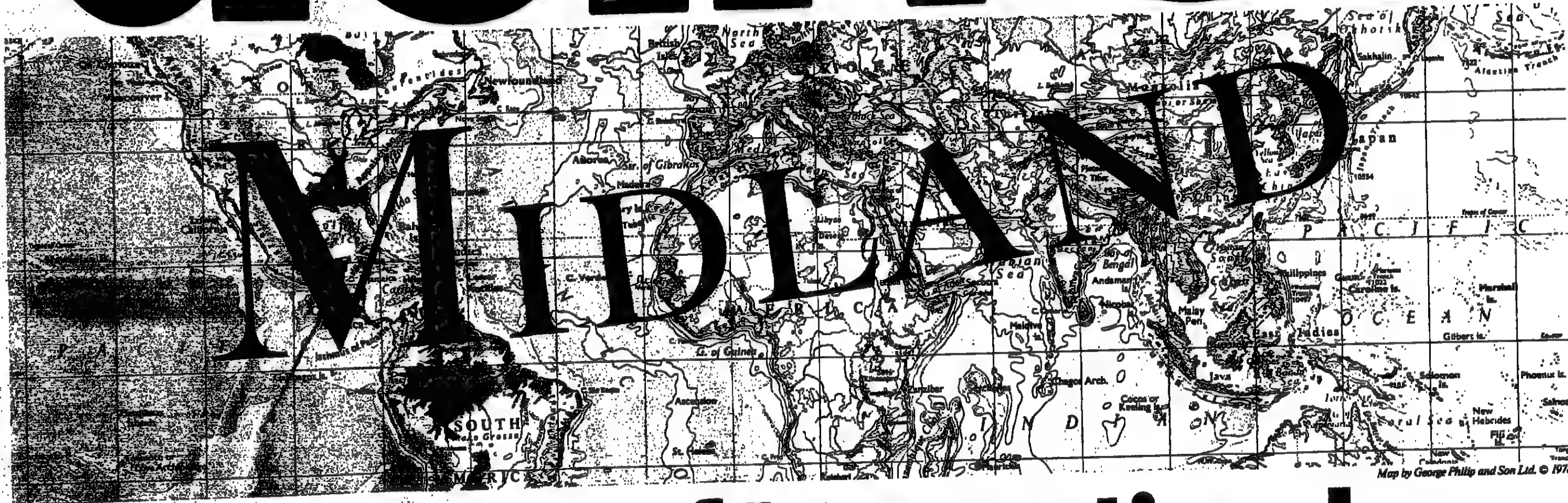
SIR DEREK EZRA, chairman of the British Institute of Management, will lead a delegation of 12 managers to see Mr. Denis Healey, Chancellor of the Exchequer, on Saturday.

The institute, which claims more than 57,000 members, will express its disappointment that Mr. Healey failed to ease the pressure on pay differentials between managers and the rest of the working population through tax concessions in his April Budget.



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# Chance—and warning—for a would-be writer

BY MICHAEL DIXON

"I COULDN'T stand working There is always another quarter of an hour!" I say this because Dave Watts, editor of the magazine Money Which?, has come to the Jobs Column with a post which offers one of the increasingly rare opportunities to get into journalism. And since one of the conditions is an ability to "stick to strict deadlines," I suspect that the lay public's unjustified worry about working to short-run time limits might otherwise deter perfectly adequate youngsters from applying for the job.

After all, virtually everybody has to work to time limits of some sort. What bothers the layman must therefore be the idea of finishing by 12 minutes past three this afternoon, as distinct from getting something done before you go home on Friday night. But given that in both instances the worker is expected to do only the best he or she can in the time available, I cannot see that either is preferable.

Once a person has become used to doing things quickly to fairly broad tolerances, it could well be harder to make the change to working more slowly to highly precise standards, than to change the other way round.

The reason is that by constantly working to short-run deadlines, journalists tend to develop a sort of self-handicapping sense of the minimum time it will take them to accomplish a given task. As a result, if they have more than this minimum time available, they will use the extra allowance in delaying the start of the work.

This is why the late Sir Desmond MacCarthy suggested, as a professional motto for journalists, the chilling phrase:

## The pain

At that point, I would bet, anyone without journalistic experience who joins Money Which? will find themselves wishing that they had done anything other than take the job.

The reason why we hacks tend to delay starting, you see, is that writing is the kind of excruciating activity that no body in his right mind would start before he absolutely has to. It was Bernard Levin, I think, who lately estimated that he must have eaten 200 tons of digestive biscuits in his working life so far, simply because, at any given moment, there are always far better reasons for eating a digestive biscuit than there are for starting an article.

So there, for the benefit of any reader who wants to become a writing journalist, is the secret. The difficulty is not writing to deadlines. It is writing at all. For the bulk of us, if we did not first take the relatively easy step of committing ourselves in advance to

deadlines, we would never produce anything.

The only parallel in my experience lies in my attempts to become a high-grade judo man, which involves fighting other people who for some reason always seem to be bigger and fiercer than you are.

When knee-deep to face one of them across the mat just before the start of a serious contest, I invariably found myself thinking the same thing. It was "If only I had taken the precaution of not coming to this place today, I would not now be in this desperate situation." But having gone there, and with the contest unavoidable, I muddled through somehow and sometimes won.

No doubt whoever goes to Money Which? will find the same. If so, it may be a comfort to the recruit to know that while the pain of writing never gets any less, you learn over time to bear it more cheerfully.

Given the initial foolhardiness, candidates for the job will also need the ability to solve complicated intellectual problems, to cut through obscure detail, jargon and "popular mythology" to the nub of the issue concerned, and to express complex concepts in terms which are readily understandable to the lay reader.

Mr. Watts thinks that this prescription implies the need

for a good degree, but from my own experience of a good many honours graduates I would conclude that the two things are necessarily connected.

He also prescribes at least a year in the working world since graduating. While work of a financial nature during this period would certainly be no disadvantage, familiarity with monetary matters is less important than the possession of "a lively, inquiring mind and the ability to think clearly and concisely."

The newcomer will, by the way, be able to call on the aid of a panel of independent financial experts retained by the magazine as consultants.

There will be a starting salary of around £5,450 for the initial 12-month trial period which, successfully completed, would be followed by a three-year contract. Working hours are 10 a.m. to 6 p.m.

Applications outlining your experience should be sent to the personnel manager, which? The Consumers' Association, 14 Buckingham Street, London WC2N 6DS. Dave Watts would probably be willing to answer relevant inquiries telephoned to 01-839 1222 — deadlines permitting, of course.

And having dwelt earlier on the strains of being a journalist, I'd better say now that I would not change it for any of the other ways of earning a near living that I know about.

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INTERNATIONAL head-hunter Jo Jacobsthal is looking for a marketing director for an unnamed client in Austria. He will respect any application request not to be identified to the client until specific permission is given.

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Financial Times Thursday June 15 1978

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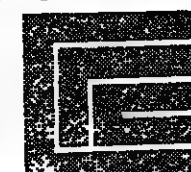
Responsibility is to the Manager, Treasury for review of cash forecasts and requirements, management of cashing facilities, export documentary collections and control and reconciliation of bank accounts. The emphasis is on planning and controlling the group's cashflow needs as effectively as possible.

The man or woman appointed will be aged over 30, be possibly a

qualified banker and must have held a responsible treasury position in a large industrial company for about 3 years. A background in merchant banking is particularly appropriate and experience of financial negotiations, export documentation, foreign exchange markets and exchange control regulations will be valued highly.

Personal qualities we will be assessing include the ability to manage staff, precision in applying controls, and a style which is mature, polished and acceptable. Prospects for the successful are excellent.

To apply, either send a c.v. or, preferably, please telephone for an Application Form, quoting reference MBHEB.



**Cambridge Recruitment Consultants**

9 Brunswick Walk, Cambridge CB5 8DH. Telephone: Cambridge (0223) 311316.

## Chief Financial Officer

Financial Director Designate

c £15,000

Our client a long established company is a nationally recognised manufacturer of food products sold almost exclusively through traditional grocery outlets. Operating in highly competitive markets most of their brands are leaders in their respective fields. Turnover is in the region of £50 million per annum.

They require a Chief Financial Officer who will be responsible for the financial, accounting and computer activities of the company including profit planning, cash management, tax problems, short and long-term financial activities and banking relationships. He/she must be able to continue the development and implementation of sophisticated information systems and controls and be capable of interpreting such information into sound business decisions. The opportunity exists for promotion to Board level at the appropriate time.

The successful candidate will have outstanding leadership skills and be capable of operating as part of a tightly knit team. A professional qualification and a thorough background in accounting and finance are essential; additionally recent experience in food manufacturing in the UK is desirable. He/she will probably be in his/her late thirties or early forties.

Remuneration, which will reflect the importance of the position, will be by negotiation depending on experience and ability. Additionally, there is a bonus arrangement. A company car will be supplied and usual fringe benefits will apply.

Please write in confidence for an application form to David Prosser, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY, quoting MCS/3697.

**Price Waterhouse**  
Associates

## Export Finance

the City

A major international bank invites applications for the position of Head of Export Finance in its London Branch located in the City. Major responsibilities include the development and implementation of Government-backed export finance programmes for the United Kingdom, and the solicitation and structuring of ECGD backed loans.

Qualified candidates, in their mid to late 30s, will have experience with ECGD buyer and supplier credit programmes, a knowledge of international credit and business development procedures and preferably some knowledge of project finance techniques.

Salary will reflect the senior nature of this appointment. Other benefits are in line with best banking practice and include a company car, favourable loan facilities and a non-contributory pension scheme.

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details (including salary progression to date), not refer to previous correspondence with PA and quote the reference on the envelope.

Ref: S3701/FT

## PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874



A member of PA International

## Jonathan Wren • Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

**DEPOSIT DEALER — MIDDLE EAST**  
A financial institution based in a Gulf State wishes to engage an experienced Foreign Exchange Deposit Dealer. It is expected that this position will lead to a further appointment in London in approximately 2 years time. Salary is paid locally, and during the spell in the Middle East it will be tax free.

**SYSTEMS ACCOUNTANT** £7,900

Our client is a leading international bank, currently operating at its London office a mechanized accounting system which is shortly to be replaced by a mini-computer system utilizing visual display units. The bank seeks to recruit an experienced person with a background in international bank accounting, operations and systems, preferably including previous practical experience of installing a computer system. Candidates should have good analytical and communication skills, and will ideally be aged in their early thirties.

The appointee will initially play a prominent role in managing the installation of the new system, an assignment which will develop into a Senior Control/Accounting appointment.

**DOCUMENTARY CREDITS**  
Our client is an international bank in London. Due to continued growth of the bank's substantial Documentary Credits business, there is a need to engage an additional person with in excess of 10 years varied experience in this field; candidates should have experience in all aspects of Documentary Credits work, including Guarantees of all types. The position carries a generous salary and fringe benefit package, including profit-sharing, which will be amply attractive to candidates currently earning in excess of £6,000 p.a. We can currently also offer several rather less senior appointments in this field, with salaries in the approximate range £4,000-£5,000. To discuss the above opportunities in confidence, please telephone ROY WEBB or KEN ANDERSON.

170 Bishopsgate London EC2M 4EX • 01-6231266/7/8/9



## Managing Director Civil Engineering Contractors *United Kingdom*

The Board of a prominent and successful civil engineering contractor, active both in the U.K. and overseas, plans to appoint a new Managing Director, aged around 50, to lead the Company over the next decade. The remuneration package is unlikely to be a limiting factor and the successful candidate is expected to be currently holding a deputy chief executive or similar position in a middle sized U.K. contractor or one of equivalent responsibility in a large company.

Please reply to us quoting reference MD/1291/FT on both envelope and letter, enclosing a full curriculum vitae. Letters will be forwarded, unopened, to our Client. If there are any companies to which you do not wish your application to be sent, please indicate this in a separate letter addressed to the Security Officer.

**Urwick Group Advertising Ltd**

Baylis House, Stoke Poges Lane  
Slough, SL1 3PF

## TWO SENIOR MANAGEMENT POSITIONS MIDDLE EAST

Our client, a rapidly-growing and highly-regarded, multi-national manufacturing and trading company headquartered in the Middle East, seeks two outstanding senior executives.

### VICE PRESIDENT—CHIEF FINANCIAL OFFICER

Reporting to the President, the Chief Financial Officer will have responsibility for developing and implementing all corporate-wide policies, practices, and procedures with respect to treasury, accounting and financial control activities. He will develop and maintain internal reporting and control procedures, and serve as the principal catalyst in the financial planning process. Responsibilities will cover such areas as commercial and investment banking relationships, corporate capital structure, external financing, liaison with external auditors, acquisition and venture analysis, and review and analysis of subsidiary operating results.

The position calls for an accomplished financial professional having at least 10 years of broad-based, international financial experience with solid grounding in treasury, control and financial planning. Experience in evaluating investments, joint ventures and acquisitions, as well as with external financing on an international scale is essential. The ideal candidate will be a self-starter who has worked effectively in a relatively unstructured environment, has strong communications skills, a stable, mature personality, and appreciates the challenges associated with a rapidly-growing organization.

### VICE PRESIDENT— CONSUMER FINANCE OPERATIONS

The Vice President—Consumer Finance Operations will have profit and loss responsibility for the operation of the Consumer Finance Division. He will be responsible for all marketing, financial and administrative functions, and will initially supervise a staff numbering more than 160 people.

The position calls for a strong entrepreneurial and imaginative leader who has had at least 10 years of broad operations and general management experience either in a consumer or commercial finance operation. Background should include in-depth credit and collection experience and proven administrative abilities. It is essential that he have demonstrated the ability to manage all aspects of a multiple location business and have an understanding of computer applications. Again, strong communications skills are necessary as well as a stable and mature personality and he must be self-confident, recognizing and appreciating the challenges of building a new organization and developing subordinate talent.

In each position, a most attractive compensation package is offered consisting of a substantial base salary supplemented by an outstanding incentive plan and other fringe benefits including automobile and furnished housing. Future opportunity in this growing company is limited only by the capability and performance of the successful candidate. If you are both interested in and qualified for either position, please write to us at the company's executive recruiting consultants:

Write Box A-637, Financial Times,  
10, Cannon Street, EC4P 4BY.

## Industrial Projects Controller (Accountant)

A London appointment with a British corporation which identifies new processes and products and funds their development and subsequent profitable exploitation by industry. It draws its income from patent licensing activities, levies on sales and dividends; immediate funds £50m.

Reporting to the finance director the controller will evaluate financial and commercial features of industrial development proposals, including the financial capability of firms involved, recommend funding methods and monitor subsequent expenditure; professional staff of eight.

Candidates aged 35 to 45 must be qualified accountants with considerable senior experience in industry including acquisitions and related company investigations preferably in high-technology sectors.

Five-figure salary negotiable, comprehensive benefits, re-location assistance.

Please send letter of application and career resume in confidence—to Dr. E. A. Davies ref. B.40333.

This appointment is open to men and women.

**MSL Management Consultants**  
Management Selection Limited  
17 Stratton Street London W1X 6DB

## Accountant

for the London branch of an international bank with an outstanding record of profits and good management. A successful performance in this post could lead to advancement after a few years.


Aged 28 to 35, candidates must be chartered accountants with experience in the commercial field, preferably in banking. This must include multi-currency accounting. Pensions experience would be an advantage.

Salary £7,500 to £8,500. Non-contributory pension, low interest mortgage and other fringe benefits.

Please send relevant details—in confidence—to P. Hook ref. B.26403.

This appointment is open to men and women.

**MSL Management Consultants**  
Management Selection Limited  
17 Stratton Street London W1X 6DB



**Klockner INA**  
plans, supplies, erects  
and finances  
turnkey industrial projects.  
We are an affiliated company  
of the Klockner Group of  
Duisburg, West Germany.  
We wish to engage a

**SALES  
MANAGER**

The applicant's age will be in the range 30 to 40 and the applicant will have a successful record in the industrial plants export business, either in a manufacturing, engineering, trading company or in a merchant bank.

Basic knowledge of German or French would be desirable but not a pre-requisite. The applicant must have an ability to establish contacts and negotiate projects

throughout the world and to head the Sales Department of our Company.

The position carries with it the chance of a directorship in return for successful performance. The position is ideal for a first-class sales manager who is the number two in the present organisation but wants to acquire board level status within the foreseeable future.

Applications should be submitted in writing to Mr. H. J. Pretzell, Managing Director, and will be dealt with quickly.

**Klockner INA Industrial Plants Limited,**  
Berkeley Square House, Berkeley Square, London W1X 5PA. Telephone: 01-492 0192.

## Stockbroking Insurance Specialist

Our client is a medium sized firm with a first class reputation for specialist research. The firm wishes to expand its existing team covering the insurance industry by recruiting an additional person with experience in this sector.

Applicants will ideally be Actuaries, Accountants or Graduates, aged 25-35, with a sound knowledge of the Composite and Life Assurance companies.

Remuneration is negotiable and will certainly be commensurate with the experience and ability of the successful candidate. The position offers excellent prospects for advancement including the possibility of a partnership in due course.

Please contact F.J. Stephens who will treat all enquiries in the strictest confidence.

### Stephens Selection

35 Dover Street, London W1X 3RA. Tel: 01-493 0617

Recruitment Consultants

## LEASING OFFICER

Manufacturers Hanover Leasing wish to recruit a Leasing Officer for its London-based operation. The successful applicant will be responsible for negotiating the lease/finance of major capital assets and will report direct to the Marketing Director.

Candidates will be in the age range 25-35 and possess a proven record of success within the specialised field of equipment finance.

Salary will be commensurate with experience, a car is provided and there are fringe benefits consistent with those of major banking institutions.

In the first instance, write in confidence giving details to:

Mr. A. W. Dukes  
Manufacturers Hanover Leasing UK Ltd.  
22 Austin Friars, London EC2N 2EN

## James Capel & Co. ACCOUNTS EXECUTIVE

We need an additional Accounts Executive who will be working in the department which specialises in the management of trust portfolios, with particular emphasis on overseas business. Some experience in this field will be required, and the successful applicant is not likely to be aged under 25.

Applicants should send a brief curriculum vitae, including salary history, to:

D. Schulten  
**JAMES CAPEL & CO.**  
Winchester House  
100 Old Broad Street  
London EC2N 1BQ

### DEALERS

Two well established City banks have positions for foreign exchange dealers in their mid twenties with a minimum of two years dealing experience. A vacancy has also arisen for a sterling and gilt dealer again with at least two years experience. The salaries for these positions will be up to £7,000 per annum with the usual fringe benefits.

### STERLING DEALERS ASSISTANT

This position is open to people with in depth experience of the sterling operations of a bank, to include knowledge of accounts, positions, settlements, sterling inter bank market, C.D.'s, etc. Age range preferred is between 24 and 32, salary: £5,500.

### SENIOR FOREX

An international bank requires a person in their mid twenties, with an extensive knowledge of all aspects of foreign exchange. This position affords excellent opportunities for advancement within the bank and the salary will be up to £5,500.

These positions are open to male or female applicants

## BSB Banking Appointments

115-117 Cannon Street, London EC4N 3AX Telephone 01-623 7317 & 01-623 9161

Recruitment Consultants

## FINANCIAL CONTROLLER MID/LATE 20'S

Woking, Surrey. c. £8,000 + Car

Providing specialist consultancy services in town planning, architecture and engineering, our client, the subsidiary of a Canadian Group, is currently handling a major design contract for a Middle Eastern development project.

Reporting to the Managing Director, the Financial Controller will be responsible for further systems development, the preparation of accounts, administration, and the provision of financial and commercial advice concerning project development.

Applicants, qualified accountants aged in their mid-late 20's, should have experience in a commercial/industrial environment. Whilst with the presence to effectively interpret performance to management of varying disciplines and positively contribute to corporate development they should also be prepared to become involved in routine accounting functions.

For more detailed information and a personal history form, please contact

Nigel V. Smith, A.C.A. or Peter Dawson quoting reference 2164.  
Commercial Division  
Douglas Lloimbs Associates Ltd.  
Accountancy & Management Recruitment Consultants  
410 Strand, London WC2R 0NS Tel: 01-836 9501  
121 St. Vincent Street, Glasgow G2 5HW Tel: 041-226 2101  
3, Colston Place, Edinburgh EH1 7AA Tel: 01-225 7744



## Charles Barker Confidential Reply Service

Please send career details, listing separately employers to whom we should not forward your reply, to Charles Barker Recruitment Ltd.,  
19th Floor, Kennedy Tower, Shaw Hill Quaysway,  
Birmingham B4 6BS.

## FINANCIAL CONTROLLER c.£11,000 and car West Midlands

Our client, a major company in the automotive engineering industry is now seeking to appoint a top flight financial specialist to join their senior management team.

The duties of this interesting and highly responsible key post, which reports direct to the Managing Director include the effective control of:- general accounting; cost accounting and analysis; budgets; investments; E.D.P. and systems; tracking the Plant's performance against set criteria; analysing variants to forecast and making recommendations to consolidate and improve the Plant's profitability.

Applicants mid 30s/40 years of age with a good educational background, and preferably a relevant degree, should have at least seven years' in-depth experience and a thorough practical understanding of financial control (preferably gained within an engineering environment) as opposed to accountancy. The confidence and ability to manage staff in a tactful and efficient manner is necessary.

A willingness to travel abroad, initially for about four weeks, is essential. Conditions of employment are first class and include good fringe benefits.

Relocation expenses will be paid.

This post offers an excellent career opportunity for a self motivated professional male/female, within an expanding and progressive company which is part of an international group.

Please quote reference M.248

## STOCKBROKING INVESTMENT ASSISTANT

to c.£5000

Our client, a progressive medium-sized firm of stockbrokers, is continuing a programme of expansion within the private client and banking department. A vacancy has been created for a person with previous experience to assist in the banking sector and suitably qualified personnel aged 20-32 are invited to contact us. The successful applicant will receive a competitive salary, bonus and other benefits. Please telephone Mrs. Lewis on 01-638 8732 or write in confidence to Birch's Employment Agency, 54 New Broad Street, E.C.2.

### Accountancy/ Bookkeeping

Salaries £2,000-£8,000+

Just ring, write or call for one of our

Free Lists

of vacancies (Please quote ref. to: Commercial & Industry J.R. Ouseley)  
List NF100 64,500-55,000  
Part-qualified/Experienced  
List PF50 £2,000-£5,000

The Profession (UK & Overseas)  
List PF100 £2,000-£8,000  
Richard Owen Associates Staff  
Agency, 56 Moorgate, E.C.2N 6EL  
Tel: 01-638 3833 24 hours



## Procurement Management

Over £8500

Our client is a leading company in the high volume electronics industry. To enable them to continue to compete successfully in their growth markets, they are now looking for a procurement specialist with exceptional ability. A man or woman who can negotiate and conclude cost-effective contracts in WORLD markets.

With over £10m purchasing power, this presents a tremendous challenge to an experienced professional, already in a similar position with a major electronics company.

Naturally, as Procurement Manager, you will

have considerable support, with a staff of around 25 people.

You will have 10-15 years' experience in the function and be educated to degree level. Although not essential, our client's preference is for a Chartered Engineer who has some knowledge of computerised production control. You must, however, have practical experience of procurement in the USA and Japan as well as Europe, not only in electronic components, but also in complete assemblies from OEM's.

Interviews will be held in Central London and regionally within 21 days. Please write with full CV and in confidence to the consultant advising on this appointment:

Trevor B. Lee, Managing Director, Executive Projects Limited,  
Shears House, 995 High Road, London N12 8QX. Tel: 01-204 0862

## TRADE FINANCE INTERNATIONAL LTD.

As its name describes, T.F.I. specialises in the finance of international trade. Although new to the market, it has experienced management and adequate resources via its Zurich based parent bank.

It now needs another good inside person, experienced in documentary procedure and E.C.G.D. matters. Ideally, the candidate will have an Export Finance House or Confirming House background.

Terms of employment will be attractive to the right person and salary will not be a barrier in a dynamic Company, where there will be ample opportunity to grow in an expanding environment.

Write with full c.v. and salary progression to:

The Managing Director  
TRADE FINANCE INTERNATIONAL LTD.  
50 Gresham Street, London EC2V 7AY

## Managing Director

Midlands

Our client is a major Public Group who wish to appoint a Managing Director to one of their successful Engineering Companies. The Company with a turnover in excess of £3 million has an excellent history of growth and profit achievement and produces high quality precision engineering products. In demand both in the UK and overseas.

The Managing Director will have total responsibility for the Company and the immediate objective will be to further develop the Company and to achieve a high return on the investment.

For this demanding and challenging appointment it is essential to have a proven record of success in general management of an engineering company with clear evidence of both commercial and financial involvement. Formal engineering qualifications could be advantageous.

Rewards will include a basic salary between £11,000-£12,000 p.a., plus bonus and normal fringe benefits, including a company car. The above appointment is open to both men and women.

Please apply in confidence for application form to D. G. de Belder, Knight Wegenstein Limited, 75, Mosley Street, Manchester M2 3HR (Tel: 061-336 0987), quoting Ref. No. 68156.



**Knight Wegenstein Limited**

Executive Recruitment Consultants  
Management Consultants and Consulting Engineers.  
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## APPOINTMENTS

Rate £14 per single  
column centimetre

## Finance/ Administration Director

Grindlay Brands Insurance Brokers Limited is a medium-sized broking house, placing all types of business, except Aviation, at Lloyd's and elsewhere. Considerable scope exists for business expansion.

The Director will have responsibility to the Managing Director for all financial matters and for system development and general administration. Several years' experience of financial management in Insurance Broking is essential and some EDP knowledge will be necessary.

The man or woman required should be a Chartered Accountant and must have the maturity and confidence to assist a highly professional team to develop their business.

The compensation package will attract the most professional candidates, and future development will be in the context of the whole Bank Group.

Please write with full career details to:



**Grindlay Brands**

R. J. E. Barker,  
Grindlay Brands Insurance Brokers Limited,  
36 Fenchurch Street,  
London EC3P 3AS.

## Group Financial Accountant

West London £9,000 + car

Our client is a major U.K. industrial holding Company with over 20 subsidiaries and a turnover of £150 m. A small corporate department provides advice, service and co-ordination across the whole range of financial and accountancy matters. This appointment reports to the Financial Director and responsibilities will include control of Group funding and cash flow; preparation of consolidated financial statements and published accounts; advice on accounting principles and practice; review of internal audit and liaison with subsidiary Companies including special projects and investigations. Salary c. £9,000 + car - excellent terms of employment and career prospects. Candidates ideally aged 28-35 should be qualified accountants with successful experience in an industrial environment. Ref: A8643/FT

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to the Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

## PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE  
Tel: 01-235 6060 Telex: 27874



Amenity of 12 in 1983

## APPOINTMENTS WANTED

### Ph.D. (PHYSICS) and M.B.A.

Fluent English, French, German, Spanish. 26 yr. old Anglo-Spanish descent. Spanish national. Seeks position in International Corporation. Please write: Apartado de Correos 1330, Barcelona, Spain

### YOUR REGIONAL H.Q. IN SWITZERLAND

Group wishing to set up a new regional office in Switzerland. Regional operations would need a minimum of 2 years' experience in a similar role. The successful candidate will be responsible for the regional office, including sales, administration, and general management. Please write: Box 24, 6224, Financial Times, 10, Cannon Street, EC4P 4BY.

## Investment Management

BA Asia Limited, Hong Kong has two important positions to fill in its International Investment Management Service Unit.

### Portfolio Manager Marketing Specialist

Applicants must have a degree, excellent professional qualifications and at least five years experience in their respective fields of investment/portfolio management or the marketing of investment products. Applicants must be willing to live and work in Hong Kong. A knowledge of foreign languages and work experience in South East Asia is desirable, but not essential.

Attractive salaries will be offered, reflecting experience, and benefits are in line with normal banking practice.

Only qualified candidates, male or female, should apply. Please send complete career details, in full confidence, to the Director of International Investment Management Service, at the address below, who will arrange for initial interviews in London.



**BANK OF AMERICA** International Ltd.,  
Att: IIMS, St. Helen's, One Undershaft, London EC3A 8HN.

## BARCLAYS BANK LIMITED

### CHIEF ACCOUNTANT'S DEPARTMENT POOLE, DORSET

circa £8,250 + valuable fringe benefits

#### QUALIFIED ACCOUNTANT

The post of FINANCIAL ACCOUNTANT is concerned with the preparation of the Group's half-yearly and annual accounts and attendant financial planning and accounting development.

Selection criteria include: an accounting qualification; experience of multi-national consolidation as auditor or accountant; aptitude for statutory matters - corporation tax, Price Commission, EEC and SEC regulations; age 24-32. Ref: 828/FT

#### BUSINESS GRADUATE OR QUALIFIED ACCOUNTANT

The post of COST ACCOUNTANT is concerned with development and management of the costing system for the U.K. branch banking network.

Selection criteria include: business degree or accounting qualification; costing or management services experience; aptitude for numerical analysis and problem solving; age 24-32. Ref: 829/FT

Both positions offer opportunities for career progression within the Department and the Group and many fringe benefits including a non-contributory pension, house purchase and profit sharing schemes.

Please send a comprehensive career résumé, including salary history, and quoting the appropriate reference number, to:

W. L. Tait,  
Touche Ross & Co. Management Consultants,  
4 London Wall Buildings,  
London EC2Y 5JL.  
Tel: 01-688 6844



## Accountant with Management Ambitions

around £7000 City

Williams & Glyn's Bank is the U.K.'s fifth largest clearing bank. An appointment is to be made in the Comptroller's Division which will give an Accountant opportunities to become involved in key areas of banking and finance.

The successful applicant will be responsible for providing a financial and management accounting service to a number of subsidiary companies and will be involved in taxation matters relating to the Bank Group.

Candidates should be Chartered Accountants with two years' post-qualification professional experience able to communicate effectively at all levels. Career prospects are excellent and the successful applicant could have the opportunity to manage a small specialist team within a relatively short time.

Remuneration will be negotiable around £7,000, plus generous benefits including subsidised mortgage facilities and a profit sharing scheme.

Please write giving full career details or telephone for an application form, quoting reference B.887, to: M. T. Brookes, Williams & Glyn's Bank Limited, New London Bridge House, 25, London Bridge Street, London SE1 9SX. Tel: 01-407 3121.

**WILLIAMS & GLYN'S BANK**



## Financial Controller

£8,500, plus bonus & car @ Age 28-33

Located in Berks, this appointment reports to the Finance Director of a Major Division of a diverse, well structured British Group. The Division comprises several subsidiaries, some with important overseas interests, and one of which is the U.K. market leader in its specialised field. Besides providing centrally controlled, well disciplined financial and accounting services for the subsidiaries, the Financial Controller will be regularly involved in providing financial guidance and advice to general management.

Candidates, male or female, must be financial accountants (A.C.A. or A.C.C.A.) with at least five years' accounting management experience in manufacturing industry - ideally engineering and/or contracting. They will

be accustomed to monitoring performance against a full range of modern control systems and will be well versed in all aspects of company taxation. Some previous experience of overseas company operations is essential.

Starting salary around £8,500 with substantial profit-related bonus, company car and group pension scheme. The Group is strongly expansionist in outlook and a rewarding and progressive future is envisaged for the successful incumbent.

Please write in confidence with brief relevant career details to: H. C. Holmes, Bull, Holmes (Management) Limited, 45 Albemarle Street, London W1X 3FE, quoting ref: 745.

**Bull Holmes**

PERSONNEL ADVERTISERS

## BRANCH CONTROLLER

Age 30-40 £10,000+ Bonus

A prominent International Bank seeks to appoint a Senior and fully experienced Banker to control the day-to-day activities of the Branch. The successful applicant will probably have reached a managerial position within a Clearing Bank, and will be well used to dealing with both retail and corporate customers. This is a challenging and very progressive appointment.

In the first instance, please telephone, in confidence, Rod Jordan

### DOC. CREDITS

Age 25-30 £6,000

European Bank with major expansion plans seeks a fully experienced Banker with good all-round knowledge of Credits area. Excellent opportunity for future promotion. Please telephone Brian Durham

### LOANS ADMIN.

Age 23-27 £4,500

Major Merchant Bank requires Banker with a minimum of 2 years' experience in the administration of Eurocurrency syndicated loans. Ability to accept responsibility essential. Please telephone Mark Stevens

If you are seeking to further your career in Banking, our Consultants would be only too pleased to discuss your requirements.

**BANKING PERSONNEL**  
41/42 London Wall - London EC2 - Telephone: 01-588 0781



Banque de la Société Financière Européenne  
Multinational Consortium Bank  
Located in Paris  
is looking for

## EUROBOND DEALER

to increase the institutional sales force of its expanding Eurobond Department.

- Preferably aged between 26 and 32, the candidate should have a good knowledge and understanding of international financial and capital markets as well as at least two years of experience in the field of international bonds.
- Fluency in English and working knowledge of French are a must; any additional language like German or Dutch would be an asset.

This challenging job offers attractive compensation and good career opportunities.

Applications, giving full details of qualifications and career to date, will be held in the strictest confidence and should be sent to Mr. F. Perlewitz, Manager, Banque de la Société Financière Européenne - 20, rue de la Paix, 75002 Paris.

## UNIVERSITY COLLEGE OF BOTSWANA

Applications are invited for the post of  
HEAD OF DEPARTMENT OF  
ACCOUNTING.

SENIOR LECTURER/PROFESSOR. Must have experience in University teaching and research. The Department of Accounting is in the Faculty of Economic and Social Studies and the subject is a 'major' in degree courses. There are also Diploma/Certificate in Accounting and Business Studies. Two year contract with possibility of further extension. Salary scales (under review) Senior Lecturer P800-P710 pa. Professor P720-P790 pa. (12-15 pa.). The British Government may supplement salaries in excess of £2,750 p.a. as 'overseas' for married applicants and £1,566 p.a. (overseas) for single applicants (currently under review and normally 10% of all tax and provide children's education allowances and holiday pay allowances. Family assistance: housing, language, and education allowances. 30% independent allowance and 20% gratuity after 5 years. Detailed applications (2 copies) with curriculum vitae and mailing 3 ref. to be sent to Registrar, University College of Botswana, P.O. Box 22, Gaborone, Botswana. Advt. by 24 July 1978. Applicants resident in the UK should send one copy to IUC 90 91 Tottenham Court Road, London W1P 0DT. Further details may be obtained from either address.



## MANAGEMENT INFORMATION SYSTEMS

Applications are invited for the post of LECTURER in MANAGEMENT INFORMATION SYSTEMS in the Department of Management Studies. Applicants should possess a good first or higher degree and should preferably have relevant industrial or commercial experience.

Salary within scale £2698-£7085. It is hoped to make an appointment on the lower half of the scale. Postcard requests for application forms and further particulars to: Paul Johnson, Establishment Officer, Ref: 75 2125, Loughborough, Leicestershire

## GILT EDGED STOCKBROKER

requires  
SPECIALIST  
SALESMAN/WOMAN  
Experienced and with  
good track record

Aged 27-32

Good salary

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Financial Times

10 Cannon Street

EC4P 4BY

## THE BRITANNIA GROUP OF INVESTMENT COMPANIES

requires an

## INVESTMENT ANALYST

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## LABOUR NEWS

# Firemen's shorter week claim for arbitration

BY ALAN PIKE, LABOUR CORRESPONDENT

TALKS ON introducing a shorter working week for firemen, which have made slow and difficult progress since the ending of the national strike in January, finally broke down yesterday.

Employers' representatives decided to take the issue to arbitration after failing to reach agreement at a meeting with Fire Brigades Union over the issue.

The further delay makes it increasingly uncertain whether it will be possible to meet the November target date for reducing the working week in the fire service from 48 to 42 hours.

There is already strong unrest among firemen over the issue, with some threatening to take further industrial action if necessary.

It appeared last week that progress was being made on the issue after employers, who had wanted to introduce the shorter working week on a three-shift system, conceded that the existing two-shift pattern could continue.

But there was no argument yesterday after some employers had taken a strong line over their right to decide how best to introduce new duty systems. At present the employers have to consult the unions and reach agreement on changes in working conditions.

The decision to seek arbitration was a unilateral one by the employers. It means that the entire shorter working week issue will now be considered by

the Central Arbitration Committee under the agreed arbitration arrangements.

The inevitable delay before arbitration takes place will add to the frustration of firemen in many parts of the country.

Last month the union warned that firemen would feel that they could not win the shorter working week by negotiation; they would be "forced to take it themselves".

The union executive decided last night that it will present its case to the arbitration committee and is also to seek an early meeting with Mr. Merlyn Rees, Home Secretary, to discuss the shorter working week problems.

## NATSOPA to recall conference on funds

By Our Labour Correspondent

THE NATIONAL Society of Operative Printers, Graphical and Media Personnel, is to recall its conference later this year when a solicitors' inquiry into financial matters is complete.

NATSOPA leaders have told delegates to their biennial conference now in progress at Eastbourne that they will be recalled when the final report from the solicitors, Lawford and Co., is available.

Last year Mr. Owen O'Brien, general secretary since May 1975, asked the solicitors to undertake an inquiry into the sale of union properties in London.

He wrote in last month's issue of the NATSOPA Journal that the matters arose from "endeavours that were made by the former general secretary to protect the society's funds from sequestration under the Industrial Relations Act, 1971".

Mr. O'Brien said that as a result of action he had taken certain moneys due to NATSOPA had been transferred into the society's account and a sum of £30,500 was still subject to inquiry, part of which was being claimed as expenses. In addition he had given instructions for the sale of gold sovereigns, Krugger rods and gold medallions which had been purchased as an investment.

Mr. O'Brien, who was recently re-elected as NATSOPA general secretary, referred at the conference to the instructions for the sale of gold sovereigns, Krugger rods and gold medallions which had been purchased as an investment.

## Miners urged to seek £135

MR. MICK McGAHEY, president of the Scottish miners, yesterday urged the union to press for £135 a week for coalface workers.

Speaking on the first day of the Scottish area conference of the National Union of Mineworkers, he also supported the Yorkshire miners' call for proportional representation on the national executive, which he said had overturned conference decisions and did not truly reflect the membership.

## Tyne Tees TV strike goes on

TECHNICIANS at Tyne Tees Television were still on strike yesterday preventing the broadcasting of advertisements and locally-transmitted programmes from the Newcastle-based television station for a third day.

The dispute began when a transmission controller refused to transmit a car advertisement last week. Management said yesterday that it was prepared to put the issue through the normal disputes procedure, provided the technicians returned to work.

## Pay walkout at dockyard

HALF THE workforce of Portsmouth naval dockyard walked out on strike yesterday in the biggest protest so far in a mounting wave of unrest over pay.

The rest of the 6,000 workers are banning overtime and refusing to work incentive bonus schemes.

The dockyard's biggest union, the Transport and General Workers, staged the latest in a series of 24-hour stoppages. Other groups of workers to hold one-day strikes over the past week are the engineers, the shipwrights and the boilermakers.

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## Union leaders try to strengthen participation plans

BY CHRISTIAN TYLER, LABOUR EDITOR

TRADE UNION leaders yesterday decided to try to claw back some of the ground they have lost in the controversy over worker participation in private companies.

They are to urge the Government through the TUC-Labour Party liaison committee to remove, in the drafting of the Bill, what they see as the ambiguity and compromise from last month's White Paper.

They will also seek to have their demands for unequivocal rights for trade unions incorporated in the Labour Party manifesto for the coming general election, on which the Bill's future depends.

Meanwhile the TUC national allied industries committee has invited Sir Peter Parker, head of the group of State chairmen, to meet with the heads of the big nationalised industries at the end of the month. The purpose will be to urge State industry to move ahead faster on worker participation. All nationalised industries have been asked by the Government to declare plans by August.

At the TUC economic committee yesterday, the White Paper's general provision for statutory "fall-back" rights of consultation and Board level representation were welcomed.

But the idea of "worker boards" was strongly attacked and the TUC is to insist that the

Board on which unions are represented should have control of all major decisions, not merely long-term strategy.

Also attacked as being a compromise pushed through by the right-wing majority of the Cabinet was the White Paper's suggestion that the first step, after three or four years of formal participation would be to allow unions to claim a third of seats on the board. Members of the committee are sticking to the TUC bid for parity, but for the present are unlikely to demand more than that the waiting period be shortened.

Among other points, they want sole union control of workers' joint representation committees and sole right to board seats, where the White Paper suggests there could be special arrangements for large groups of non-union workers. But they agreed that an Industrial Democracy Commission be set up rather than leave the monitoring work to the Advisory, Conciliation and Arbitration Service.

The CBI is expected to elaborate on its first, hostile, reaction to the White Paper today, in the wake of the Conservative Party which on Tuesday announced that it had reversed its initial approval of the document.

Union leaders have been told by the Prime Minister that legislation will have top priority in the next session. But it is widely assumed that nothing radical can materialise unless Labour wins the election.

public service employees suffering in an unthoughtful return to collective bargaining, and have emerged as leading proponents of the case for an unwritten understanding with the Government on what should follow the rigid pay policies of the past three years.

Mr. Drury said the conference's approval of the union "White Paper" on free collective bargaining, the notion of free collective bargaining for public service employees, had been recognised as unattainable.

"We are now left with the job of projecting our ideas on a system of tripartite determination of wages between Government, employers and trade unions, and on seeking a broad economic understanding with the Government."

He emphasised that this would involve a joint "broad assessment" of economic and wage policies in the future, and not a commitment to negotiation.

**Peace move at Llanwern**

BY ROSIN REEVES, WELSH CORRESPONDENT

A PEACE PLAN aimed at ending the fortnight-old dispute at British Steel Corporation's plant in Llanwern, S. Wales, will be discussed this morning at a mass meeting of blastfurnacemen involved in the shutdown.

The plan has been drawn up by local officials of the National Union of Blastfurnacemen after suggestions put forward at a meeting of the union's national executive in Middlesbrough earlier this week.

Details of the proposal were not available, but union officials were hopeful it would produce an "honourable" return to work.

The shutdown, which originally involved about 500 blast-

## Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOTTERS

### HEAT CONSERVATION

## Shuts out the cold and the heat

AN IDEA which could hit the double glazing market very hard comes from a Huddersfield company and takes the form of folding internal shutters which can be slid out across a window to give heat insulation three times as effective as double glazing but at about one-third of the cost.

Much of the secret of the insulation performance lies in the materials used for the shutters. Patents have been applied for on the idea which would use either polystyrene or a polystyrene foam insert, or a polystyrene foam insert, or a polystyrene foam insert.

Rest materials from these three materials is for the heat and it provides a k value of 0.017. To put this in perspective, it means that whereas a single sheet of 6mm thickness allows heat to leak at a rate of 3.8722 per square metre and per second, a 15mm Thermoblast with 20mm air space and a 6mm sheet of glass will reduce this rate to 0.135.

The shutters will be better than sheets of 6mm glass, a 20mm separation, which is 0.29 Watts.

### COMPUTING

## Performance improved

SPEED OF development in electronic component technology, and particularly on the microprocessor, has led ICL to bring out a new processor in the 8008 family group of its machines to enhance the performance of its existing unit.

Basic change is that the 8008 is introducing much more complex logic built up from 18,000 memory chips, replacing the 18,000 built up from 18 chips hitherto. Reliability of the device has improved considerably over the past two years and the very considerable reduction in manufacturing costs they offer cannot be ignored by the computer builders.

The new machines are the 8008 and the 2978E which provide a performance respect to 33 times better than the 2978E and four times better than the 2978E.

Some idea of the reduction in physical size made possible

is given by the fact that a two machine rack makes six cabinets while the 8008 chip does demand only two cabinets. Apart from this, there is an improvement in cost/performance.

Existing 2970 and 2976 machines will be retrofitted to 8008 and maximum store capability on the larger machine is extended to eight Megabytes. Together with these moves on hardware, ICL is introducing an improved version of the DME—direct machine environment—facility which allows programs from earlier machines to be run without major modification, which is applicable to the 2980, of which over 100 have been sold to date, and it provides a performance improvement of about 35 per cent when applied to programs for 1980 machines.

In peripherals, the company is bringing out a high performance magnetic tape unit able to transfer information at a rate of 1.25 Mbytes per second.

Further from ICL on 01-788

**Watch on a fast process**

A NOVEL microprocessor system with important industrial and medical applications is being developed by a research group at The City University, London.

The idea was originally conceived to provide more processing power for the university's long-term research project, but it is now thought to be of sufficient interest and promise to be developed in its own right.

There are several important applications in which the real-time signal processing capability will be of value apart from advanced constant monitoring of such hospital patients as heart sufferers, there is a monitoring of a wide variety of fast industrial processes.

Further data from Communications Office, The City University, St. John Street, London, ECL 1 253 4399.

### COMMUNICATIONS

## Rank ready for optical fibre push

IN A few weeks Rank Optics is expected to announce its debut in the communications market with a short haul system including data links for computer systems and aircraft.

The company has installed a quartz fibre pulling unit at its Leeds factory to make a product suitable for communications runs up to 30 kilometres—providing an attenuation figure of perhaps 20 to 30 dB per kilometre.

For over ten years the company has been devising ways for use in straight-through light guiding applications where low loss is not important—600 dB/km is fairly typical—and the product has been widely used in equipment ranging from versatile interway links to dashboard instrument illumination in the Rover, Jaguar and Pinnace cars.

Rank Optics' turnover in these "light bending" applications exceeds £1m and about from the decorative lighting business (which peaked some time ago). It is steadily rising.

At Leeds, Rank Optics is a direct manufacturer of optical fibre cables and has a high overhead furnace of eight tubes each taking 55 rods. The 440 fibre bundle is being drawn on drums at about 100m/min and the company has a large to

### MACHINE TOOLS

## Design study project

A STUDY carried out by a findings and has requested that Department of Industry Committee continues to monitor the progress of the study.

The UK lags behind its major competitors by about 10 years in installing flexible systems—cells and machine tools linked by computer to a computer-controlled workpiece transport system; and the current research and development is very small in comparison with other major industrialised countries.

Further information from Mr. The Department of Industry, 170,000 design study project, with machine tool designers in National Engineering Laboratory, has been ordered in the East Kilbride, Glasgow principle, the ASP Committee's GPO (East Kilbride 20222).

### COMPONENTS

## Aids precise measurement

IFT 119 electronic pressure transducer from Darenth Weighing Equipment has been designed to suit both conventional and computerised process control systems. Typical of its many applications include: process weighing, low pressure measurement in medical research, monitoring electrical supply cable 225 pressure, process pressure measurement in petrochemicals, soil mechanics.

It is available in pressure ranges from 0.5 inch water gauge to 600 lb force per square inch—absolute differential and barometric—with output in CR5 3RJ, 0689 72901.

### FARMING

## Cows get fed and milked

HOPING to highlight the Royal Agricultural Show at Kenilworth next month is Simplex of Cambridge when, among other programmes, it will display the Babbar Milkmaid Parlour.

Constructed of sheet steel castings instead of the conventional welded beam structures it gives the particular advantage of straight ramp rails which are mono constructed in one complete piece for added strength and leader rails are included to ensure that the cows enter the milking parlour with ease and comfort in mind.

Other products exhibited include the Cowmaster milking machine, which incorporates an electrically operated, multipoint feed system controlled by a multi-selector or by a fully programmed unit which identifies cow by number and automatically pumps out appropriate feed within its range. Plates weighing up to 40 tonnes and 3,600mm wide can be handled, as well as smaller diameter, thick wall tubular components—for example, 1,060mm diameter cans with a wall thickness of 50mm.

More on 0378 515111.

### PROCESSING

## Plant made easier to control

MAKING A major drive in the UK and Europe for its MPC80 micro-based industrial process control equipment, Negretti and Zambra has developed the ideas originally pursued at Oxford University and the Warren Springs research centre of the DoI to a stage where three-term process control with up to 32 loops, sequence control and data logging is available from a single MPC80 dedicated front-end controller.

But if the user so requires, a series of these relatively low cost front-end units can be applied to the plant to do the same job, or again this can be run through eight or more radially distributed units.

The developers claim, apart from ease of installation, the plant to suit customers' requirements, far better cost/performance, compared with the use of dedicated units.

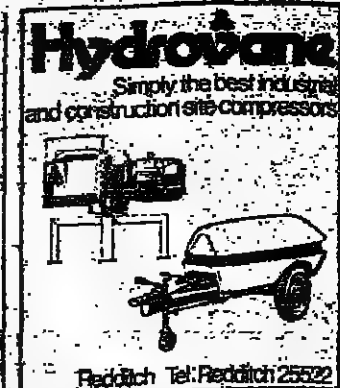
The language used with these control units, Sentinel, allows process engineers to carry out parameter changes as they require, without any special knowledge of programming.

Two pairs of wires carry all necessary interconnections between each front end controller and the central unit. Negretti is expanding production at Aylesbury and strengthening its software and engineering teams as well as regrouping its sales effort into home and export market teams.

Further information on the controllers from Negretti and Zambra, Stocklake, Aylesbury, Bucks HP20 1DR, Aylesbury 5531.

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### HANDLING

## Fills bags and sacks

PNEUMATIC conveying equipment has been developed by Theacole of Eccles, Manchester, for the transfer of bulk materials to bags, sacks or open containers, at a handling rate of up to 2,000 lb per hour.

Suitable for handling free-flowing materials in powdered or granular forms, it has applications in the plastics, chemical, agricultural and general process industries.

Basically, the new Theacole development has a centrifugal fan, a cyclone, a suction device and a two-way material delivery unit with bagging spigots. These items are supported on a cast-iron frame having overall dimensions of only 8 feet by 4 ft by 7 ft 6 inches high. Compact design coupled with mobility enables the conveying system to be easily manoeuvred to any material transfer point.

Transfer of bulk materials to the bagging zone is effected by means of a flexible hose connection, complete with suction nozzle, which can be inserted in a collection hopper or similar material storage. The nozzle is achieved by suction nozzle adjustment while changeover of material delivery during bagging is effected by hand-lever operation.

Theacole, P.V. Works, Montford Road, Merton, Eccles, Manchester M30 6AW, 061 788 0545.

### METALWORKING

## Bends thick steel plate

FACILITIES for the fabrication of large diameter, thick wall steel tubular components at the Scunthorpe, South Humberside works of Redpath Dorman Long now include a 5,000 tonnes High Smith vertical plate bending machine. This machine, said to be the only one of its kind for cold rolling, is capable of accurately bending plate of BS 5880 Grade 50 quality up to 175mm thick.

The new machine can bend thick plate by using a combination of three interchangeable rolls of 875mm, 950mm and 1,060mm diameter. A very wide range of material properties, plate thicknesses, plate widths and diameters are claimed to be within its scope. Plates weighing up to 40 tonnes and 3,600mm wide can be handled, as well as smaller diameter, thick wall tubular components—for example, 1,060mm diameter cans with a wall thickness of 50mm.

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## The Marketing Scene

## How Joan Collins and The Stud made two and two make five

BY ANTHONY THORNCROFT

THE STUD, the shapely vehicle for Joan Collins devised by sister Jackie which scored as a film, a record and a book, has notched up sales of £2m just two months. Not surprisingly, champagne corks were popping, but at Benton and Bowles rather than in the Jermyn Street night club Tramps, where most of the film was shot.

Benton and Bowles was throwing the party because it produced the advertising for what was very much a marketing exercise. Indeed, the media budget of £350,000 equalled the cost of the film.

This was a rare case of synergy, or two and two equaling five. Brent Walker raised the finance for the film and wanted it promoted as intensely as Ronco promotes records. Benton and Bowles producers advertising for the Ronco records and was quite happy to take on a joint exercise. One commercial sold film, record and book, with the result that the album is now "platinum," which means it has made film through the tills; the film and book have contributed another £2m.

The Stud have been virtually everywhere except in the U.S., although three companies are reported to be competing for that prize. The initial budget was £200,000 split between



Joan Collins: a £350,000 production budget plus a £350,000 ad spend turned The Stud into a £3m property.

Ronco and Brent Walker, but the success in pulling in paying customers encouraged the clients to add in another £150,000, and there are already plans for a second burst after a decent interval.

## Schlitz returns to JWT

BY DAVID LASCELLES, NEW YORK

THE TURBULENT and fiercely competitive U.S. beer market has just produced one of its big account changes. Jos. Schlitz, the Milwaukee brewer whose ads are based on a "Gusto" theme, said at the beginning of the year that it was unhappy with the way things were going with the Leo Burnett agency which had handled its account since 1961.

Eleven agencies were invited to submit ideas. By March these had been whittled down to six, at which stage Leo Burnett, which had been included, dropped out of the race. Finally, after what the Schlitz management described as a "tough decision between truly outstanding presentations," the account was awarded not to one but three different agencies.

J. Walter Thompson has been named as agency for Schlitz Beer, and Benton and Bowles for Schlitz Valt Liquor. Cunningham and Walsh continues as the agency for the brewer's two other major products, Schlitz Light Beer and Old Milwaukee.

But though these agencies stand to share an account estimated by advertising industry sources to be worth some \$22m to \$23m, they also face an uphill struggle.

Schlitz, long the No. 2 brewer in the U.S. after Anheuser-Busch, is going through a sticky patch. It identifies a brew in the public's mind is worth hanging on to. On the other hand, Schlitz may decide it's time for a complete change.

In this regard, it's worth noting that the two new agencies have quite different experiences in brewing advertising. To JWT, it is a familiar field. Apart from being Schlitz's agency before Leo Burnett, JWT has handled other beers including Hamm's and Meister Brau. Benton and Bowles, on the other hand, has never directly handled a brew before.

A big figure in whatever does emerge is likely to be Schlitz's new marketing manager, Allan Proudfoot, who, apart from being six feet six inches tall, has just joined the company from Coca-Cola where he was head of sales. The decision to change agencies was made before he appeared on the scene but it was Proudfoot who headed the agency selection process and who will be keeping a close eye on the Schlitz image from now on.

In the first quarter this year, Schlitz sales fell 10.5 per cent on the same quarter last year to \$231m. The company showed a net loss of \$1.8m compared with net earnings of \$7.4m the previous year. The 1977 sales decline was 6.6 per cent.

The big question now is whether the new campaigns, which will probably appear in August, will stick to the gusto theme, even in a minor way. Gusto has been the Schlitz catchphrase for over ten years, in an industry where brand proliferation is enormous and any tag

## What the big boys are up to

Is there a crisis in branding? Have excessive cuts in advertising by the big manufacturers jeopardised the market position of their biggest brands? Michael Thompson-Noel reports

QUESTION: When is a crisis not a crisis? Possible answer: when it has been dampened down by—O'Herilby Associates, the Blackheath marketing consultancy. Then again, perhaps not.

Paul Baker, a director of O'Herilby, has taken exception to the views of Stephen King, a director of J. Walter Thompson, who maintains that short-term pressures are forcing too many companies to cut back their branding activities (this page, May 25), and that crisis is not too powerful a word with which to describe the situation.

According to the JWT man, several very well established brands are visibly shrinking before their owners' eyes and several complete markets are toppling into unnecessary decline.

To illustrate his point, he examined the 1977 MEAL-type expenditure of the 35 grocery brands most heavily advertised in 1970, and showed how this expenditure, in real terms, had halved between 1970 and 1977. (Naturally enough, these 35 include some of the really great shelf: Oxo, Stork, Typhoo Tea, Bisto, Horlicks, Hovis, Lucozade, Heinz Baked Beans, etc.). "There are of course, wide variations around the average," says Mr. King, "but detailed analysis of the expenditure for the 100 or so advertised brands of the top 10 advertisers shows a very similar picture."

What was equally worrying, said Mr. King, was that branding activities that were measurable, such as advertising, may be not so that companies may be cutting back on other activities designed to foster the long-term health of a brand—R and D, process and product improvement, investment in plant, pack improvements, new variants, consumer services and research, etc.

Mr. Baker is not at all happy with the basis of this analysis. According to him: "The figures quoted seem to have been selected with the specific intention of misleading the reader. Mr. King has selected the top brand spenders of 1970 and implies that the market place is totally static by examining the expenditure on the same brands in 1977, and concludes that real expenditure is down by 50 per cent."

"I have repeated his exercise, but taken the top 35 brands for

1977 and compared their 1977 and 1970 expenditures. (This is equally invalid). On this basis, expenditure for 1977 is, in real terms, 82 per cent of expenditure for 1970, and if one excludes washing powders then the figure becomes 87 per cent."

The gains-on in washing powders are certainly of interest, for the big manufacturers have

Britain's major brands has declined heavily over the past seven years.

Mr. King lists four minor qualifications to his theme:

1—Some brands die, though in the case of the quoted 35, it was only two, Radian and Omo, both of which had virtually stopped advertising by 1977.

## HOW MUCH ON PRESS AND TV?

	1970	1977	%
Lever Bros. and Associates	6m	2.9	-52
P & G	6.2	1.9	-40
Cadbury	5.8	1.5	-40
Beecham	5.2	1.3	-37
Rowntree	4.3	1.7	-31
RHM	3.5	2.4	-22
Van den Berg	1.4	2.7	+17
Mars	1.3	2.8	+42
Colgate	2.5	1.4	-21
Brook Bond Oxo	2.3	1.3	-26
	42.2	31.3	-26

Source: MEAL

The table shows the spending on Press and TV of the ten top-spending advertisers of 1970. In total they accounted for about 40 per cent of all advertising in the food and household stores categories. There are certain problems of definition. This table regards Lever Brothers and Associates and Van den Bergh as separate companies; Cadbury includes all confectionery, Typhoo and brands under the Cadbury name but not other subsidiaries; Rowntree includes all Mackintosh; Mars excludes Petfoods.

considerably trimmed their sails. Total MEAL expenditure in this sector in 1970 was just over £7.5m. Last year it was just over £3m—a drastic slump in real terms. (Total MEAL spending on Lever Brothers Omo in 1970 was \$683,000; last year the figure was nil).

But Mr. Baker's main point is that nothing stays still in the market place—that because of ebbs and flows and a hundred and one factors affecting consumer buying decisions, it is fruitless to compare advertising expenditures for specific brands over a seven-year interval and draw broad conclusions.

Mr. King agrees there are numerous difficulties involved. But he maintains that only minor qualifications are necessary to substantiate the claim that the 1977 list were launched since 1970. Only one of them spent

enough in real terms in 1977 to have qualified it for the 1970 list at all—Whiskas.

[There are, of course, eternal difficulties over defining a "brand." For example, are Persil and Persil Automatic one brand or two? In Mr. King's case, he chose his 35 top-spending grocery brands from MEAL's food, household stores and toiletries categories, leaving aside cigarettes, alcohol, razor blades and patent medicines. Quite naturally he turned a blind eye to Top Dog pet food, which spent heavily in 1970 but did not advertise at all in subsequent years.]

According to Mr. King: "I don't think any impartial observer could look at the 35 brands and suggest they were representative of the regular manufacturing cycle of replacing the old with the new. Most of them seem to me the life-blood of their makers, and from that point of view it is worth concentrating on them. No manufacturer to whom I've shown the figures so far has suggested that there isn't a very real problem."

"To repeat a point that it seems necessary to go on making: the advertising figures aren't particularly important in themselves. They only become important if they are symptomatic of a decline in all forms of branding. If they are symptomatic and if manufacturers are cutting back on these things, that does seem to me to be eroding the turer brand."

That is not quite the end of their difference of opinion, however. According to Mr. Baker: "Mr. King also appears to be upset that private label brands are improving in quality and are usually cheaper than the branded equivalents. (Surely this is good for the consumer). However, it is not true that the private label brands lack advertising support as in fact advertising expenditure on chain groceries is up by nearly 500 per cent in real terms from 1970 to 1977. Maybe here lies part of Mr. King's unhappiness: the major leading agency not represented in the chain grocery segment is—you guessed it—JWT."

Mr. King disputes that figure. "More to the point, he doesn't care for the tone of the last sentence. 'It's a pity some people can't take you and your arguments at face value without implying you're grumbling around for business,' he says. It's a tough game, branding."

## Top B &amp; B job goes to Miss Hallsmith

BENTON AND BOWLES, Britain's 14th biggest advertising agency with 1977 billings of £18.4m, has set a hundred pulses racing by appointing Robin Hallsmith as creative director. Miss Hallsmith—vivacious, 44—becomes the first woman to occupy such a position in a top London agency.

Benton and Bowles has been seeking a creative director since Dennis Barcham joined Leo Burnett last November.

Miss Hallsmith is currently a creative head and Board director at Ogilvy Benson and Mather. OBM is replacing her with Alan Redford. Miss Hallsmith—not the best known but easily the best looking of London's creative luminaries—worked previously at Pritchard Wood, Garland Compton, LPE and Foote Cone and Belding.

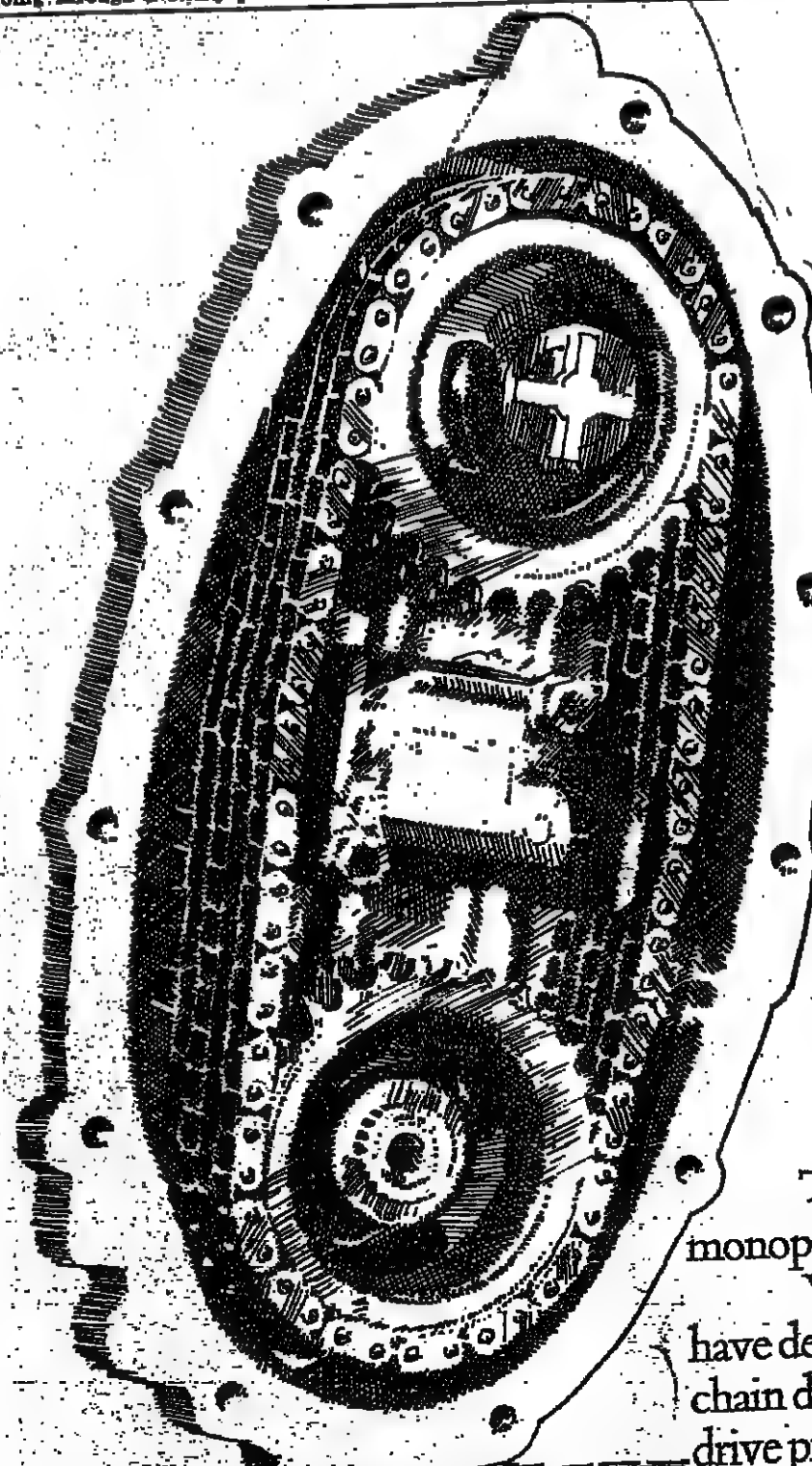
M.T.N.

## Interteam McCann wins £1m

LLOYDS BANK International has appointed Interteam McCann, the newest of the McCann satellites, to handle its £500,000 advertising and promotional budget in Europe, the Middle and Far East, Africa and the Americas.

● WHILE MANY advertisers were hastily scrambling for cover as a result of Scotland's World Cup demise, the TV buying group at Lintas has been happily following Italy's progress with its Wall's Cornetto ice-cream ad which has a distinctly Italian theme. According to Val Knott, head of the buying group, "We're rather pleased with Italy's success, and look forward to being in the final with Cornetto and Italy." Wall's is spending £1m on its ice cream brands this year.

● THORNTON MUSTARD, previously with Cadbury Schweppes and Avon, has been appointed marketing director at Cussons. John Proctor is the new general sales manager.



## SILENCE IS GOLDEN

The aircraft industry has no monopoly on initiatives to reduce noise. Working with Saab, Renold have developed a technically advanced chain drive system for front wheel drive production cars. It's quiet. It has

generally reduced engine-to-gearbox operating noise and eliminated gear rattle at tickover speeds.

In its silence, simplicity and refinement, it is an achievement for British engineering and could strike gold in export markets.

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# The dangers of proposition 13

BY PETER RIDDELL

THE OVERWHELMING endorsement of proposition 13 in California—cutting property taxes and limiting the growth of government—should be seen as a warning about how not to take a major policy decision. Instead the vote has become a beacon, encouraging similar anti-public sector protest movements elsewhere in the U.S. and abroad. It was perhaps inevitable that this bandwagon would not take long to attract someone like Dr. Rhodes Boyson. He has said a Conservative Government should consider holding a referendum limiting personal taxation as well as one on capital punishment.

## EEC referendum

This kind of populism must produce the occasional warning among thoughtful and less publicity-conscious colleagues, including those on the Shadow Treasury team. But it is the price we must presumably pay for the successful advocacy of a referendum on the EEC by Mr. Anthony Wedgwood Benn.

This is not to underestimate the significance of the growing public objection to the level of taxation on both sides of the Atlantic. It is quite right that politicians should respond to this concern. The question really is how the response should be channelled and whether a representative method is better than the direct exercise of the popular will through referenda.

The problem is that the referendum route does not allow a balanced consideration of the consequences of a tax-cutting decision. My own view after visiting California for several days during the campaign is that a referendum is the worst possible way of curbing the size of the public sector.

Supporters of the tax-cutting proposal frequently suggest that approval would not mean the loss of significant disruption of vital public services. They suggested in effect that Californians could have it both ways: the loss of more than a fifth of local revenue could be offset by the elimination of waste and, more crudely, by cutting back on welfare payments. The former view was given respectability by Professor Milton Friedman, now a San Francisco resident, who appeared in a series of television commercials in support of the proposal.

The opponents of the proposal, including both Governor Jerry Brown and the Bank of America, presented their own alternative tax-cutting scheme. And local

authorities presented hypothetical budgets showing the implications—for example, large cutbacks in the police force. But this was not convincing enough and a Los Angeles Times poll just after the ballot showed that a half of those who supported proposition 13 believed there would not be any reduction in services.

The immediate result of the vote is almost certain to be a smaller cutback than the opponents warned, but this is likely to be a misleading guide. After all, it is election year and Jerry Brown is looking for big re-election margin in November to sustain his presidential ambitions. So he will clearly try to minimise the short-term disruption of services, a state budget surplus of over \$50m will allow him to offset a large part of the \$7bn lost revenue in the first year at least.

## Landlords

The longer-term impact will presumably be more severe with cuts in spending under consideration on law and order, education and environmental services. The effects are also likely to be more acute for the poor, while the benefits of the cut in taxes will go disproportionately to private landlords.

All these points were raised during the campaign but the fact that voters were only asked to respond to a one-sided question meant that the consequences could easily be dismissed. This response has been taken even further in a recent vote in Ohio which went against a rise in property taxes even though this did mean that the schools in Cleveland did not reopen this autumn.

There are, of course, more sophisticated versions of the tax revolt such as the moves to impose fixed limits on the level and rate of growth of state spending and to require the federal government to have a balanced budget. Some of the wiser ideas are unlikely to be taken up seriously in the UK. But there is the danger that a desire to cut taxes at all costs will lead to unbalanced decisions. There is certainly a strong case for limiting the growth of the public sector, and in particular of certain kinds of transfer payments. However, to achieve this goal in a haphazard and sudden way, as seems likely in California, will only produce an inadequate standard of certain services as well as risk increased social divisions and an eventual sharp counter-reaction.

# Protecting individuals against the state

A CONTRIBUTOR to the letters column of The Times recently asked rhetorically how an Italian judge presiding over the European Court of Human Rights, sitting with judicial colleagues from Denmark, Finland, Malta, France and West Germany (omitting the seventh judge of the Court who came from the UK) could possibly understand the social and political conditions of the Isle of Man in determining whether the birching of a 16-year-old was a degrading punishment.

The correspondent's misunderstanding of this international tribunal that sits in Strasbourg under the auspices of the Council of Europe is a common reaction among the British public. Each of the 18 members appoints a judge to the Court. There is almost a sense of disbelief in Britain that the law and practice of these islands could ever be impinged upon by courts elsewhere.

To understand this international tribunal of growing importance to our civilised existence one has to go back to its origins. In the wake of the most traumatic onslaught in European history upon human

dignity and rights—the Nazi holocaust—the nations of Western Europe established in the late 1940s the Council of Europe. One of its first steps was to draft the Convention of Human Rights and Fundamental Freedoms of November 4, 1950.

History had all too convincingly and devastatingly shown how inadequate were the traditional concepts of human rights at the level of national institutions. The creation of the Council of Europe and the adoption of a Human Rights Convention were the first tentative acknowledgements that protection could no longer be left to the tender mercies of national governments and national laws.

The beginnings of this new venture in human rights within an international context were modest. Although the Convention specifically envisaged individual citizens bringing their grievances to Strasbourg, that right had to be conferred by individual governments as a separate act of accession to the Convention. It was not until 1966 that the right of individual petition was granted by the British Government, and even then it was limited to cases of alleged violation of the Convention that had been witnessed in the past few years.

The right of individual petition had long been resisted by Britain on the ground that it would be contrary to the accepted doctrine that states, not individuals, were the proper subjects of international law. That view did not prevail, however, and the right is now firmly established.

The Convention is administered by two bodies—the European Commission of Human Rights and the European Court of Human Rights. Initially all applications go before the Commission. That body has three distinct functions. It first has to examine the admissibility of applications by individuals and states. The great majority of the applications never get past the first stage. The usual grounds for inadmissibility are that the applicant has failed to exhaust his remedies in the courts of his own country or that the complaint is manifestly ill-founded.

Once the Commission finds an application is admissible, it proceeds to establish the facts of the case. At the same time it takes on the role of conciliator and places itself at the disposal of the parties with a view to securing a friendly settlement. It is only where a settlement cannot be achieved

that the Commission draws up a report on the facts and states its opinion whether there has been a breach of the Convention.

The final decision whether there has been a breach of the Convention is then taken by the Council of Ministers, or if the case is referred to by the European Court. Reference can only be made either by the Commission or the Government against whom the complaint has been made. The individual complainant has no right before the Court, although in practice he may be heard as part of the legal team for the Commission. The judgment of the Court is final and binding, and its pronouncements on the interpretation of the Convention have much greater authority than those of the Commission. The Council of Ministers then has the task of supervising the execution of the Court's judgment. Whereas the Commission's proceedings are all held in private, and parties are not permitted to reveal what has happened (although leaks to the Press are a common occurrence) those before the Court are conducted under the spotlight of Press and public.

Not unnaturally the Court

proceedings bear little resemblance to an English court. Cases are conducted mostly by written submissions, and the oral hearings do not have the significance that they do in Britain. The advocates tend to read prepared speeches without interruption from the judges. At the conclusion, the judges sometimes ask questions which the parties are normally given time to answer. The cut-and-thrust of forensic debate is almost wholly absent. All this is alien, and even strange, to the English lawyer used to the essential orality of the English courtroom. There are, however, signs that English habits are beginning to permeate the proceedings. This is particularly true before the President, Professor James Fawcett, who is an English lawyer of international distinction. Under his influence the lawyers without exception are approaching the state of garrulity which is the occupational disease of some English judges.

The outstanding characteristic of the Strasbourg Court, which is lost sight of by commentators, is that it operates in the context of a single Convention and outside any unified social system. The Court is

purely and simply concerned with the human rights enshrined in the Convention. When it finds a human rights issue, such as housing or third degree methods of interrogation, it tends to pursue the point to its logical conclusion. And it does so even though it means riding roughshod over various national policies, that one finds, are the meat and drink of national courts, which enforce similar human rights.

A Constitutional court, like the Supreme Court of the U.S., operating within a unified political and social system, is better equipped to bring into play all the factors that would modify the strict application of a particular human right. Once that fact is understood, the rulings of the Strasbourg Court become both intelligible and understandable. Whether successive British Governments find this kind of international tribunal tolerable will largely determine whether we shall shortly have a modern Bill of Rights. For if the courts at home begin to engage in the enforcement of human rights, there will be less need, or indeed opportunity, for dragging our Government before a court that is composed largely of judges reared and nurtured in alien systems of law.

# Powerful Marakas looks pick of Newbury Cup six

THIS AFTERNOON'S Newbury Summer Cup has the makings of an intriguing race. There are only six runners, but each has a claim to consideration.

The likely outcome is a victory

## RACING

BY DOMINIC WIGAN

for Ron Smyth's course winner, Marakas, is a son of the late Bernard van Cuijck's Washington International winner, Karabas.

This powerfully made bay showed his best form in his most recent appearance. He comfortably accounted for the favorite, Nation Wide, in a four-runner handicap at Goodwood.

Both Town and Country and Bright Fire look strong possibilities for anyone brave enough to try for the forecast. The first-named, not harshly treated with 9 st, has run well in his three races this party. Bright Fire, usually he relied on to find his best form here.

Several progressive middle-distance performers are due to clash in the Foxhill Stakes, in which Town and Country's stable companion, Latin Luck, will be carrying on weight of 13 st 13 lb.

It is difficult to gauge how good this Homeric colt is. He beat Callibator by three lengths in a 15-runner maiden event over this course and distance on his reappearance this spring. Subsequently he went to Ascot. Like several other runners here he became bogged down behind Leonardo da Vinci in the White Rose Stakes.

Stephano, who has a six pound advantage over Latin Luck, for a trick which could be with him in his compass on his current mark.

I do not intend opposing Saved by the Bell in the Children's Stakes, despite the claims of Captain Ryan. It is a pity that James Hunt, Lester Piggott's mount, a half-brother to the Ascent Gold Cup winner, Ermo Hawk, caught my eye when going down narrowly to Wait and See at York last month. He could be an extremely smart performer in the making.

## NEWBURY

2.00—Peaceful Valley

2.30—Fine Tale

3.00—Marakas

3.30—Hughes

4.00—Stephano

4.30—Saved by the Bell

5.00—Lockley

## BEVERLEY

2.45—Abyssinia

3.15—Moving Star

3.45—Ridellari

4.45—Moor Farm Boy

## TV Radio

† Indicates programme in black and white  
**BBC 1**  
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# John Cage

by DOMINIC GILL

In 1912, the year John Cage was born in Los Angeles, his father, John Milton Cage, established a world underwater record by staying submerged in a submarine of his own design for 13 hours, with 13 people on board, on Friday, June 13. He was not interested in the practical implications of the experiment. The net itself, he insisted, was its own justification.

What form should a review of John Cage ideally take—the homage (or irony) of a perfectly blank space? A straight review, its paragraphs shuffled according to chance operations dictated by the I Ching?

For me composition is not making choices, but asking questions.

Three works by John Cage came to London on Tuesday evening. One of them, an excerpt from Part II of *Empty Words*, was performed by the composer himself in the Lyttelton Theatre. One the face of it, the idea is absurd: a mix of words, part-

Book Reviews are on Page 33

words and syllables obtained by chance operations from the *Journal of Cage's* beloved Thoreau—"no greater American has lived," a jumble of half-sense and non-sense spoken aloud, the idea homage to a writer whose own use of words is so pre-eminently uncluttered, keen and direct. But the quiet, hypnotic magic of the performance, accompanied (irrelevantly or irrelevantly as you like) by much-magnified slides of Thoreau drawings, cast its own shadow: a quiet, deliberate delivery, close to the microphone—was there once or twice a flicker of laughter in this surreal and gravely beautiful liturgy?

"I am still really thoroughly puzzled by this order of composition on paper. It is this being thoroughly puzzled that makes it possible for me to work. I am puzzled by hearing music well played, too. If I'm not puzzled, it isn't well played."

In the Elizabeth Hall, Grete Sultan played 16 of the 32 *Etudes Australes* for solo piano. Only the pitches and a few general distinctions of duration are given by the score, which Cage prepared by chance operations from a book of star maps of the southern hemisphere. *Atlas Australe*. Tempo and dynamics remain free for the performer to choose. The music "sounds like a star map: a complex

pattern of points of light and shimmering, delicately coloured by a growing ghost resonances from a group of bass notes silently depressed and held down through each Etude.

The special character, and challenge, of the *Etudes* is their very openness: pianists should find it fascinating, and rewarding, to work out for themselves different schemes of performance—very quiet, very loud, even, uneven, consistent, inconsistent, Miss Sultan gives them boldly, virtually without textual or dynamic variation, and a fairly constant basic tempo, like a sequence of faded monochrome snapshots. Other performers will doubtless find more interesting ways to present them: two years ago, at the European premiere in London, a selection from the second book of *Etudes*, Richard Binas gave a more satisfying reading, more elegant, delicate and varied. Why, for example, a group, or one of a group, of the *Etudes* played *piu piano e presto possibile*—supremely difficult, but I should guess an electrifying effect.

Before studying Zen, men are men and mountains are mountains. While studying Zen, things become confused. After studying Zen, men are men and mountains are mountains. After telling this, Dr. Suzuki asked, "What is the difference between before and after?" He said, "No difference, only the feet are a little bit off the ground."

*Cheap Imitation* was originally written for piano solo in 1969 to take the place of Satie's *Socrate* as an accompaniment to Merce Cunningham's dance *Second Hand*—the dancer's right hand had refused permission to arrange the original for two pianos. Cage later arranged *Cheap Imitation* for an orchestra of 24 to 95 players, and this year, at the request of the violinist Paul Zukofsky, for solo violin—in order, he said, to study under Zukofsky's patient tutelage, not how to play the violin, but how to become even more baffled by its almost unlimited flexibility. *Cheap Imitation* for violin is one of the results of this study. I wrote the notes. The editing is Zukofsky's, though he did it to my presence and often asked me of which of several possibilities I preferred.

The piece unfolds, sometimes muted, quietly, coloured by the sour-sweet timbre of mean in-solation, a lonely monody, sung high and clear. The performance is good. We are, gently, puzzled.

"Unless we do these things, nothing changes."

who knifes his son lest he should grow up like his, the father's father; and the Pot of Broth tells jolly how a tramp swindles a countryman into providing him with a meal by pretending to sell her a magic stone. The final play, *Sybil's Riders*, is the best-known piece of the evening, even if only through Vaughan Williams. Its tale of the old woman who loses the sixth of her six sons after a supernatural visitation is really the nearest to a solid work of art, and with Stobhan McKenna at its centre it provides a moving half-hour.

But the trouble about all three authors seems to be that though they wanted mainly to write about the "farmers and potato diggers," they only wrote anecdotes about them and their characters were museum reconstructions. Their plays are of much academic interest and some sentimental interest. Then, by the grace of God, Sean O'Casey came along and native Irish theatre became a real thing that shows Irish life as seen by the potato-diggers, and the Dublin workers, themselves, unfiltered through an alien intellect.

Yeats is represented by three pieces. *The Cat and the Moon* is a typical piece about beggars at a holy well given the choice of blessing or cure. There is an odd forecast of Beckett about it. *Purgatory* deals with a tinker.

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## Holland Festival

# Der Kaiser von Atlantis

by MAX LOPPERT

Money was again in short supply at the Holland Festival this year. There had been hopes of staging for the first time *Der Kaiser von Atlantis*, a Till Eulenspiegel opera from the 1830s by Jan van Gilse (d.1944), which has evidently made a strong impression in the 1976 Amsterdam concert performance that was its belated premiere. In the event, all that could be operationally afforded was a single new production, *Don Giovanni* by Götz Friedrich, and a revival of *Der Kaiser von Atlantis* by Viktor Ullmann (first brought to light by the Netherlands Opera in 1975) in a double bill with Schoenberg's *Pierrot Lunaire*.

The facts of Ullmann's life and death are briefly and painfully told. A Czech Jew born in 1898, he became a Schoenberg pupil in Vienna, and later conducted opera and taught music in Prague. His compositions include a *Peer Gint* opera, a piano concerto, a much chamber music, and a number of symphonies. In 1943 he was deported to Theresienstadt, there, with Peter Kien, a talented caricaturist, poet, painter, and musician as his librettist, he wrote *Der Kaiser von Atlantis*. The piece was intended for performance by prisoners, and was evidently rehearsed (the roll-call of proficient players and singers must have been considerable), but was banned before its first public showing. In 1944 Ullmann and Kien were taken to Auschwitz, where they died. The opera was thought to have disappeared with them, until in 1974 the score came to light in London. It was edited, and its chamber orchestra scoring completed, by Kerry Woodward, conductor of the Amsterdam premiere and of these festival performances.

The full title is *The Emperor of Atlantis, or Death Abducts*. *Pierrot* (tenor) sings mournfully of a world now ruled by violence and war, in which he no longer has the power to make people laugh. He begs Death (bass) to release him, but Death refuses. Overall, the Emperor (baritone) isolated from his citizens, whom he rules by means of the loudspeaker (baritone), proclaims universal war as the duty of every citizen. Death retaliates by withdrawing his services from mankind: great suffering and rebellion ensue. Finally, the Emperor begs Death to return to work: Death agrees. Being as his condition that the Emperor becomes his first victim. A *Finale* clarifies the implied moral.

*Der Kaiser von Atlantis* evokes a complicated response. Judged by normal critical standards, it is revealed as a competent and intelligent piece without special interest. The score is put together in number of well-like cuttings, recitative, aria, dance intermezzo, "Wahninsinzerzett," and so on—whose well-like scoring emphasises a comparable want of melodic flavour, of dramatically deployed musical irony, or cutting edge. Three times the music kindles a more distinctive response to the text: in the lyrical duet for the Soldier (tenor) and the Girl (soprano); in the announcements of the Drummer (a mezzo en travesti); and in the *Finale*, where, chorally, the vocal stanzas emerge clear-cut out of the chugging *Kinderheim* accompaniment.

But normal standards should not, and in the event do not, apply. If one is moved again, and again, for "extraneous"

reasons, above all by meditating in the light of the work's history, on the final apocalyptic to death—"Komm, Tod, du unser werte Gast, in unser Herzens Kammer, Nimm von uns Lebens Leid und Last; führ uns zur Rast, nach Schmerz und Jammer"—this seems to me just as it should be. The work is a document as well as an opera.

The producer, Rhoda Levine, and her designer, Robert Israel, had devised the staging as a performance taking place inside Theresienstadt or Auschwitz, as it were, with harsh, pitiful, and overdone props and costumes, and a demeanour on the part of the players implying overwhelming physical and spiritual degradation. This was, I felt, a serious error of judgment; for any dramatic colour inherent in the work tended to be overbalanced, while at the same time the symbolism in the text was unnecessarily underlined. (Was anybody in the audience really in danger of ignoring symbolic overtones and accurate, but in this case, forgetting for a single moment its background?) Coupled to this outbreak of Producer's Interference were instances of rather feeble sub-Berckheimism in the acting and some rather under-projected singing—the Emperor was inexcusably weak-voiced. I don't believe this production, even though the playing of the 14-man orchestra was spirited and accurate, but in grateful to have encountered it, all the same.

Producer's Interference was on display with a vengeance at the Amsterdam Stadsschouwburg, in a *Don Giovanni* disfigured by all the worst features of a Friedrich production, and with very little in the way of redeeming theatrical vitality. The list of the producer's revisions of and accretions to the libretto is long: notable among them a statue that makes no move; a "Non lui" that takes place in the cemetery; (Anna has arrived there by night to place flowers on her father's monument, and is there discovered by Ottavio, this little scene enacted in an embarrassing silence—how thoughtless of Mozart to have left no music for Friedrich's opera; a final downfall without the descent to Hell—luridly painted monsters doing nightclub dance-routines finish Giovanni off instead.

The list of elaborations to the action is no less long. Throughout the opera, red lighting marks the spot where the Commandatore died, glowing up at Signific Moments like the Grail in Parsifal. There is much superimposition of minor characters—"Batti, batti"—is played out before an audience of drunken peasants; much energetic tussling (Anga spende much of her opening scene inside-down); much of that tolling about on the floor to suggest a liberated sexuality that has become the most wearisome of contemporary stage clichés. It was all, no doubt, in the service of some heavy-breathing, Teutonic earnest interpretation (Holland appears to have been spared the pates and pages of excess and self-explanation that usually accompany a Friedrich production). Instead, the effect was coarse, clumsy, deeply unmusical, and infinitely tedious.

This pretentious-provincial *Don Giovanni* was peopled by a cast of no more than moderate

singers, in which only Gabriel Bacquier's Leporello (despite reduced vocal means), Lillian Watson's Zerlina and Ellen Shade's Elvira were able to suggest any passing awareness of Mozartian felicity and grace in their music. Edda Moser, the Anna, seems to have developed a dreadfully blowy, hard-pressed method of vocal emission recently—where is the sweet full tone of only a couple of years ago? Rüdiger Wöhlers' Ottavio sang his words as if reading them phonetically off a festively telecast. In the title role, Wolfgang Brendel strained every nerve to make himself the swaggering vulgarian Friedrich has wished on the character, in defiance of every bar of his music, but though tall and presentable of face and figure, he signally lacks magnetism of personality and voice—the phrases were square-cut, and choppy uttered. The sets, the familiar Friedrich amalgam of black, metal, and props on tracks, were this time by Andreas Reinhardt. The efficient, uninspired conductor of the Radio Philharmonic Orchestra was Hans Vonk.

Though not reflected in the choice of opera, the theme of the 1978 festival is folk-art, its relations with classical art (whatever the latter may be). In addition, music theatre events (Kagel, Cage, Stockhausen) and an enjoyable, heterogeneous mixture of concert and dance fills out the bill. On Saturday evening I elected to go to Rotterdam's splendid De Doelen concert hall, where the Rotterdam Philharmonic was celebrating its 60th birthday by giving a programme of Mozart and Diepenbrock under David Zinman, who next year replaces Edu de Waart as the orchestra's chief conductor. In the Posthuma Serenade one could hear how much more assured the orchestra sounded on home territory than in its rather hard-pressed Albert Hall concerts during last year's Prom season.

Alphonse Diepenbrock (1861-1921), placed by Grove "at the head of the Dutch school of composition then rising," originally intended his *Missa in die festu* for solo quartet, full chorus, men's chorus, and full orchestra. Rebuffs from the performers for whom the work was planned caused him eventually to recast it for tenor, men's chorus, and organ: this concert marked the first performance of the original version as completed by Hendrik Andriessen. A work of noble purpose and large scale, it is limited by the feeling of monotony in the part of its six movements—everything seems to be in the same or similar mode, and in the same 4/4 with triplets likely in the last two beats of the bar.

In his day Diepenbrock was reproached for excessive chromaticism. This is less marked than the finally enervating drop of the vocal lines, a sort of cross between Horatio Parker and Delius, and the organ-loft orchestration. The performance, by the orchestra, the Groot Omroepkoor NOS and a male contingent from the BBC Chorus (sounding magnificently forthright in this radiant ambience), and an interesting solo quartet headed by the Canadian soprano Clarice Carson, seemed carefully prepared, and full of festive devotion. It is to be broadcast by the BBC, at a date still to be decided.

Der Kaiser von Atlantis

Der Kaiser von Atlantis

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Der Kaiser von Atlantis



Ian McDiarmid, John Carlisle, Frank Windsor and John Woodvine

## Mermaid

# Every Good Boy Deserves Favour

by MICHAEL COVENEY

What an extraordinary piece of music theatre this is! I did not see the only previous performance, at last year's John Player Festival in the Festival Hall, but with a new cast and an ad hoc small orchestra under the baton of Michael Lankaster, the happy collaboration of Tom Stoppard and Andre Previn about two inmates of a Soviet psychiatric ward looks set to win the wide audience it deserves.

Alexander (John Woodvine) is an insignificant writer on the young son in the preliminary response to authoritarian persecution is glazed puzzlement and the start of a hunger strike. Individual. The young boy at strike here before; and that was one point visits the doctor, who evidence.

because of the food. His cell-mate, Ivanov (Ian McDiarmid), is a bona fide eccentric who imagines himself to be a triangle player in a large orchestra. They are supervised by a dotty Doctor (Frank Windsor) who actually does play in the orchestra and turns his clients' objections inside out by adopting a brilliantly funny lateral line to Stoppardian camp logic. In the background there is a grim lady schoolteacher vainly trying to educate Alexander's Trevor Munro's precise direction of the preliminary argument in appropriate linguistic conceit in precisely equal proportions. The show only lasts 68 minutes but it says more in that time than I have ever seen in a volume of documentary strike here before; and that was one point visits the doctor, who evidence.

plucks the arpeggiated ninth of EGBDF on his violin before despatching the lad to wander through the musicians' desks reciting "Papa, don't be rigid, be brave and tell lies." Proving's score is a superb amalgam of Soviet styles, but especially good in the Prokofiev pastiche department. Ralph Koltai's design contains a grimy penitential bed-sit within the plush red of a concert hall, and trying to educate Alexander's Trevor Munro's precise direction of the preliminary argument in appropriate linguistic conceit in precisely equal proportions. The show only lasts 68 minutes but it says more in that time than I have ever seen in a volume of documentary strike here before; and that was one point visits the doctor, who evidence.

It is the received wisdom (and not wholly without cause) that bright, pungent rhythms, and energy, proudly sustained, that brought the orchestra cheering to its feet. The orchestra was the LSO, warm-toned, well-tuned, once or twice inspired—in the adagio of the Emperor one remembered especially one ravishing sonority of muted strings and wind. The conductor was Walter Susskind, quick and attentive, exemplary accompanist.

In the Emperor, the tension of the fourth concerto, a deep spring for all its force not yet entirely unwound, was released in a blast of glory. And not in bright primary colours only, but a glory of half-lights and half-tones—in cascades of feather-light half-staccato; in the adagio, magically simple, unassuming, direct; in much marvellous pedalling, and in the inner voices conversations a generous broadness of chord, subtle play of grade at the Royal Court Theatre in the shining trills, and in the performance, driven with manic closing on October 1.

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## Jazz on the Thames

A series of Friday evening jazz cruises on the River Thames is being launched on June 23 by the Mike Westbrook Brass Band.

The succeeding Fridays will feature the following groups: June 30 Big Chief, with tenorist Dick Heckstall-Smith; July 7, El Skid (Elton Dean, Alan Skidmore, Chris Laurence, Louis Moholo); July 14, the Harry Miller Four; July 21, Company, with Derek Bailey, Evan Parker and Tony Oxley; July 28, the Mike Osborne quintet; and August 4, Elton Dean's Nine-sense.

Embarkation is from Westminster Pier promptly at 7.45 pm; return at 11. Tickets, sold only in advance, cost £3.75 (Students, Jazz Centre Society and 100 Club members, £3).

The events are being organised by Ogun Promotions, part of Ogun Records, to whom applications for tickets should be made at 35 Eton Avenue, London, NW3 (794 4490).

## Suzman, Scales and Kohler at the Open Space

Janet Suzman, Prunella Scales and Estelle Kohler will play the roles of three high-class prostitutes in Philip Maguire's comedy *Boo Hoo* to be directed by Charles Marowitz by the Open Space, Euston Road, NW1, opening on July 25.

The play concerns the machinations of three ladies of easy virtue who work their way up into the highest social circles and repute in Miami during an economic summit conference.

## Richmond Theatre

# Theatre Ballet of London

The "gems from the classics" view of touring ballet is not one with which I have much sympathy. If the regions are to see the standard repertory it must be decently presented and more than decently danced; it does ballet itself cross desecrate to offer shrunken approximations of 19th century works, with performers unreasonably stretched in choreography too searching for their abilities. The continued demand for the traditional favourites—and an infinity of *Swan Lake* and *Coppelia* would keep many a provincial theatre permanently full—must only be met by presenting these sacred monsters at their very best.

So Norman McDowell and his new Theatre Ballet of London seem to me to be begging several questions by offering fragments—Napoli, *Swan Lake*, Giselle in

penny numbers—and allowing audiences to suppose that they make much sense as examples of classical ballet. With the best will in the world I cannot feel that this company is of a standard as yet to sustain much criticism: the dozen hard-worked dancers who bustle about to recordings of tried and true favourites offer dismally meagre artistic fare.

In this week's programmes at Richmond several guest artists are appearing. Maria Guerrero and Peter Mallek bring a well-come technical sparkle to *Le Corsaire*, and better still, Miss Guerrero dances with Robert North in the latter's *Reflections*. This is an emotional and well-argued duet which has the added advantage of being set to the adagio from Howard Blake's

quartet, a work by a composer unafraid of melody, whose music—unfashionable perhaps in its lyricism and craftsmanship—is well worth getting to know.

Yesterday evening's programme also brought Belinda Wright in a version of Giselle Act 2, reduced to its essentials: the Will Giselle and Albrecht (a part taken by Peter Mallek), and the cross on the heroine's tomb. In bizarre way, with no help at all from a production, Belinda Wright's imaginative grasp of the role made a good deal of sense. Muted though her dancing was, it had a touching delicacy of style, and seemed more persuasive than many another bolder opera-house interpretation. Odd, Poetic, Unexpected. Memorable.

CLEMENT CRISP

## SAFIC

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### Audited preliminary profit announcement

The group's trading results have recovered to a reasonable level, considering the prevailing conditions in the motor industry during the financial year. As will be seen from the figures below, sales in Rand terms were marginally lower than last year, but the net operating profit before tax and interest improved by R370 000 (10.7%). As was expected, there were material savings in interest paid amounting to R668 000 (27.0%). An important factor was the control of operating expenses excluding interest, which only increased by 0.5% over the prior financial year. Earnings for shareholders employed by R378 000 (92.4%), albeit from a relatively low base. The balance sheet reflects a significant improvement in the group's liquidity as a result of sound asset management and the decision of the board to divest from its investment in hire purchase finance and vehicle leasing. The decision to divest was taken because this investment was not producing an acceptable return on the assets employed and as a result was depressing the group's overall return on assets. The full benefits of this decision will be realised in the forthcoming year. The substantial improvement in the liquidity of the group provides a new and lower base from which the group can develop and improve its return on net assets in the future. Your board has declared a dividend of 4 cents per share in respect of the year ending 31 March 1978. Annual reports will be mailed on or about 30 June 1978.

### Consolidated group profits—year ended 31 March 1978

	1978 (R'000)	1977 (R'000)	Increase/ (Decrease) %
Turnover	116 490	117 349	(0.7)
Net profit before tax and interest	3 802	3 432	10.7
Less: Taxation	1 674	1 595	4.8
	2 128	1 837	15.8
Attributable earnings	178	210	(16.2)
	2 304	2 047	12.6
Less: Interest after taxation	1 007	1 320	(23.7)
Interest	1 799	2 465	(27.0)
Less: Taxation	782	1 145	(30.8)
	1 297	727	78.4
Interest of outside shareholders and preference dividends	514	320	60.6
Normal earnings for ordinary shareholders	783	407	92.4
Per ordinary share			
Earnings (cents)	16.36	8.50	
Paid (cents)	4.50	—	
Number of shares in issue	4 787 030	4 787 030	

Declaration of ordinary dividend in respect of the financial year ended 31 March 1978  
Notice is hereby given that ordinary dividend No. 42 of 4 cents per share was declared by the board of directors on 5 June 1978 in respect of the financial year ended 31 March 1978. This dividend is payable to shareholders registered at the close of business on 7 July 1978. The share transfer register and register of members will be closed from 8 July 1978 to 14 July 1978, both days inclusive.

Dividend warrants will be despatched on or about 31 July 1978. In terms of the Republic of South Africa Income Tax Act of 1962, as amended, non-resident shareholders' tax of 15 per cent will be deducted from dividends payable to shareholders whose addresses are outside the Republic of South Africa.

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5 June 1978



Thursday June 15 1978

## Sound and fury

A FULL-DRESS confidence debate on four years of economic strategy might suggest that we had just reached some great turning-point in our economic affairs, rather than the resolution of a relatively minor crisis in the market for Government stock: but a Chancellor's record must be judged on the performance of the economy, and the rhetoric in the House of Commons yesterday was built on far too little evidence to carry much conviction on either side. The basic position has been clear for some months. The balance of payments and the value of sterling are now underpinned by North Sea oil, and thanks to this unpolluted contribution to the economy, a fairly rapid recovery in real incomes has been possible—rather more rapid, in fact, than can be sustained or than the Government would have wished. This rising income is supporting a sharp recovery in retail sales. Everything else is doubtful.

### Competitiveness

That exclusion unfortunately embraces nearly every useful indicator of our future economic performance. This depends crucially on the competitiveness of British industry, both at home and abroad. Production and investment are sharing in the general recovery, but it is far too early to judge whether they are sharing adequately. The trade figures are more than usually obscure, distorted not only by volatile items but by the effects of a docks dispute. The Chancellor did his bit more than three years ago to enable industry to finance its operations in an inflationary age through stock appreciation relief: he has recently followed Liberal advice and taken back some of that benefit through national insurance. However, many of the main determinants of performance—confidence, imagination, labour relations—are quite outside his sphere of influence.

Indeed, one can say that while the Chancellor can contrive a growth rate higher than industrial performance will deliver, he can place obstacles in the way of industry: in collecting the money to support the public sector, he is the administrator of a necessary evil. In financial management—the funding of government debt, the dilemmas posed between monetary policy and exchange rate stability—he can only try to avoid unnecessary lurches.

Mr. Healey originally stood for high taxes and high expenditure, and the damage done to the private sector by the unchecked growth of public spending in the years up to and

including 1975 is severe. Mr. Healey, however, is one of the rare Chancellors who has remained in office long enough to reverse some of his own mistakes. The growth of spending was checked very sharply, and even in the present year of terms roughly in line with national output.

The Chancellor can certainly not claim to have avoided financial crises. The instability of both interest rates and of the exchange rate has damaged confidence and made planning difficult. We have persistently criticised the technical means used to execute monetary policy, which have done much to produce these results. Perhaps the most that can be said in the Chancellor's defence is that the Opposition have so far contributed very little to the discussion of the essentially technical and non-political issues involved. The most recent crisis has been caused as much by distorted figures as by the market's justified worries about the size of the public sector borrowing requirement.

We have criticised Mr. Healey for running risks through misdirected fiscal stimulus and some rise in interest rates is the price of that error—though the current level of rates is simply the peak of a market cycle. What will only become clear with the passing months is the weight of private credit demand. If it proves heavy, the Chancellor's strategy—broadly endorsed in terms of fiscal balance by the Opposition—will lead to trouble: but if improved cash flow and real incomes limit credit demand, as was the case in the U.S. recovery, the problem will be manageable.

### Trivialities

The really important questions about Mr. Healey's strategy cannot, then, be answered at this stage, so the debate necessarily centres on relative trivialities. It is absurd for the Chancellor to accuse the Opposition of gross irresponsibility in cutting taxes further, and especially higher rate taxes; were he as good as his private word, he would have done so of his own accord. We have commented sharply on the way he has chosen to recover the revenue, which was certainly not the least damaging economically, though it may have been in electoral terms; but the issue is hardly one on which the fate of the Government should hang. Mr. Healey is not a lovable Chancellor, and his recent conduct has not been marked by tact or finesse; but it is results which count, and cannot yet be counted.

# Tinkering with problems of London's industrial decay

By JOHN BRENNAN and DAVID CHURCHILL

Under the present system of road financing there is simply not enough cash to make a radical improvement to the road network even if full acceptance of the road lobby's case were politically feasible. And the abandonment of the inner London motorway plans proves that it is not.

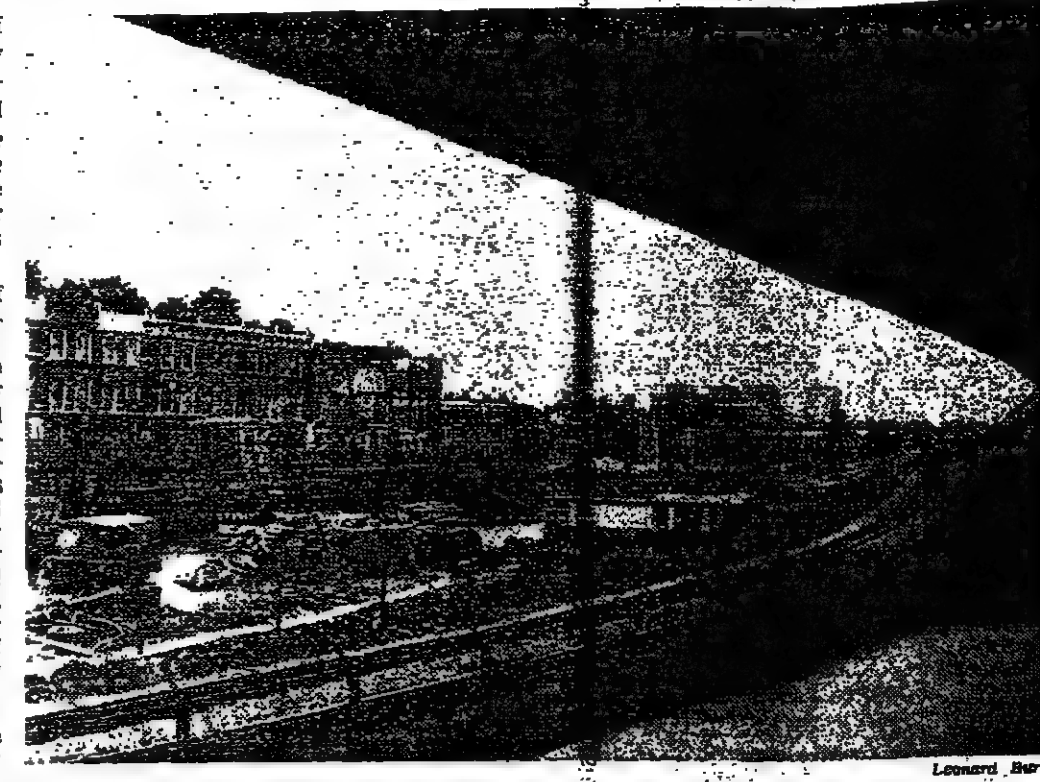
Lord Porchester, chairman of the South-East Economic Planning Council, recently argued that industrial development in the capital was being stifled by the lack of adequate roads and that improvements in the system were blocked by the division of responsibility for roads between the Government and the GLC. Unlike Manchester or Birmingham, where the inner trunk road links were developed directly by Government finance, in London the North Circular Road falls under the wing of the Transport Minister, but the South Circular Road, and indeed all roads within the old London County Council boundaries, are the responsibility of County Hall. This structural anomaly stands in the way of a co-ordinated road programme. But then the whole concept of road improvements begs a number of "chicken and egg" arguments.

Industrialists want better roads, but under the present system these necessarily involve a transfer of resources from public transport. A further deterioration of London's public transport system would inevitably make it more difficult to keep, let alone attract, skilled labour to London.

At the same time local authorities are increasingly reluctant to permit road or industrial schemes which encroach on residential areas. Although no one plans a new wave of dark satanic mills throughout Suburbia, there has been a basic conflict between the needs of industry and the housing preoccupations of most London councils.

The fact that without industrial or office schemes these councils may eventually have neither the rate income nor the local working populations to support ambitious housing schemes merely adds a further twist to the dilemma facing the capital's planners.

The politically equivocal attitude towards roads in the capital leaves the GLC's new



Urban decay and renewal in the shadow of London's M40 Westway flyover.

proposals for industrial development incentives looking rather lame.

Essentially, the plans involve a marketing drive to draw industrial developers and employers back to Central London with offers of rent-free periods of up to three years for new projects on council-owned land, concessional rents on certain industrial schemes, and a far more flexible approach to planning controls. The GLC is also to renew its campaign for the ending, or further relaxation, of the Industrial Development Certificate system, a hangover from the days when governments actively blocked developments in the South East as part of their job relocation programmes.

The GLC's proposals iron out many of the planning constraints facing firms willing to set up, or expand within Central London. But because of regional aid programmes, London's planners still have to compete for new employers against far more attractive industrial incentives available elsewhere in the country.

The London Chamber of Commerce recently underlined this problem in a special report on the capital's economic problems. The Chamber commented that London is still viewed as a milchcow by the rest of the country. In spite of local unemployment rates that rival any of Britain's traditional blackspots.

London's image as a basically wealthy city, not in need of special aid, appeared in last month's Commons debate over the GLC (General Powers) Bill, when Parliament voted to cut the range of powers called for

to deal with the problems of unemployment and population.

These problems include a population declining at the rate of 100,000 a year, while jobs in industry are being lost at an even greater rate—nearly 5 per cent a year. About one factory or warehouse in five lies empty and unemployment is over 15 per cent in some London areas. On top of this much of the capital's housing stock was built before World War I, with about 350,000 houses still officially classed as falling below minimum acceptable standards.

It is little wonder, therefore, that County Hall has a slightly jaundiced view of groups which claim that their regional problems are greater than those of London.

Yet to a certain extent, London has only itself to blame. Many of its present problems result directly from serious errors of judgment by both central and local government since 1945. Fears that London would become excessively urbanised and industrialised led, in 1945, to strict controls on new industry in London as well as attempts to steer companies out to the provinces. In addition, the Greater London plan in the same year created the "green-belt" and established the idea of encouraging large numbers of people to move to "new towns" well away from London. Unfortunately these and other measures designed to prune the seemingly inevitable growth of London proved too successful as the decline in the working population shows.

Between the early 1960s and mid 1970s, London lost about a third of its manufacturing jobs.

Location of Offices: Bureau in regatta companies away from London and virtually sounded the death-knell to its future expansion of the new towns.

In place of these "engines of exodus", the Government has adopted a short-term strategy of providing special help to regenerate the inner cities and, long-term, to encourage local authorities to do more to prevent such decay taking place again.

Help for London is being made available by the Government in two ways. First, there is the concept of "partnership" areas as a means of identifying those areas most in need of help. Thus the docklands area of London, the adjacent London boroughs of Hackney and Islington, and Lambeth are three of the seven partnership areas designated by the Government. These areas are drawing up a three-year programme for action to start in the 1979-80 financial year. The existing urban programme's allocation of £30m a year is to be increased to £125m a year. The second means of help is the Inner Urban Areas Bill which is going through its final stages in the Commons.

The Bill will empower local authorities to make loans at commercial rates for land purchase as well as construction and installation of services, of up to 90 per cent of the value of the land and buildings. In addition the Bill will establish Industrial Improvement Areas where local authorities can give grants or loans for environmental improvements or for building complexes to provide new jobs.

In specific partnership areas, local authorities will be able to give grants towards rents and to help companies taking on leases not owned by the local authority. And interest free loans for up to two years will be available for bringing inner cities back into use.

The London Chamber of Commerce, however, goes further and suggests that inner London be designated as an assisted area for a limited period of ten years.

In the end, the problems of regenerating London are too vast to be dealt with by local government alone. County Hall does not have the powers to reverse the national planning policies that have accentuated London's decline, nor does it have the cash resources fully to counter the effects of that policy. Although the Inner Urban Areas Bill does recognise the problems of declining cities its benefits will be spread nationally. And it is difficult to see how London will be able to yield the political influence necessary to attract sufficient additional central government support to move beyond the stage of tinkering around the edge of the capital's problems.

London's problems, however, have not gone unrecognised. Since Mr. Peter Shore took over the job of Environment Secretary just over two years ago, he has attempted to reverse the "engines of exodus" which have caused London such problems. Thus he has put the brakes on the highly successful

## Competition in air fares

THE U.S. Civil Aeronautics Board's proposal to withdraw U.S. airlines from the International Air Transport Association's fares agreements would appear to be the final body blow to IATA's role as a price-fixing body. It comes as IATA is itself about to discuss the report of an internal committee proposing a fundamental restructuring of its fare-fixing activities. What the CAB is in effect saying—particularly to airlines which may be averse to change—is that, radical though IATA's own ideas may be, they do not go far enough to satisfy the U.S. civil aviation authorities.

The IATA reforms, which were drawn up by a five-man committee of airline chairmen and chief executives, would provide considerable scope for competition: both price and service by making participation in the organisation's fare conferences optional rather than compulsory and by abandoning most of the rules which now govern the kind of in-flight service members can offer.

The IATA meeting at Montreal at the end of this month to discuss these changes is likely to be a contentious affair for the prospect of open competition is more than some airlines—and governments—can stomach, while the committee's proposals are the barest minimum some of the bigger carriers, such as Pan American and British Airways, are prepared to accept if they are to remain in the organisation. The chances of the proposals, or something like them, getting through have therefore been considerably improved by the CAB move.

The threat to IATA's cartel activities has been building up for some time and can be traced to the marked changes in the market for air travel. Airlines responded to the growth of

tourist and student traffic—and of non-IATA charter airlines—by progressively adding to the multiplicity and complexity of fares structures designed originally to cater for business travel. The final blows were the introduction of the Laker Skytrain service last year, the growing awareness on the part of some governments of the "consumer interest," and—perhaps most of all—the determination of the U.S. authorities to bring about a more competitive climate.

The attitude of the U.S. authorities has to be seen in the wider context of their changing views towards regulatory policy in transport generally. Internal air services in the U.S. have already been substantially deregulated and a similar approach is now being applied to the U.S. trucking, or road haulage, industry. International liner shipping conferences have of course long attracted the attention of the U.S. anti-trust authorities but here the position is more complex. The U.S. merchant fleet is competitively far weaker than the U.S. airlines: it carries only 5 per cent of U.S. seaborne trade and, as in many developing nations, there is considerable cargo preferences for defence as well as employment reasons. Moreover, the shipping conferences are being pressed hard by the rapid build-up of the Russian maritime fleet.

The end of the air fares cartel on the North Atlantic and elsewhere will not lead to totally free competition. Governments have national flag carriers, many of them State-owned, as well as the consumer to protect. But the presence of effective competition in price and service is by far the best guarantee of the consumer interest and should reduce the need for regulatory intervention on at least the busier routes.

## MEN AND MATTERS

### Scooping francs in green fingers

Locust clouds of financial journalists have descended upon Paris for the meeting of OECD ministers, but it was the really important happening which drew me to the French capital. I refer to the exhibition of gardening equipment behind the residence of Sir Nicholas Henderson, our ambassador. Although Britain may be having trouble in exporting motor cars and textiles, take comfort that we are doing great business with hedge trimmers, plastic-covered rose trellises and lawn mowers.

France has become a prime market. There was a sense of sylvan euphoria as I strolled with Sir Nicholas amid the astounding scene in his back garden, hardly a flowerpot thrown from the Elysee Palace. More than 40 British firms have set up shop on the ambassadorial lawn. His Excellency, himself a renowned gardener, never flinched as a man from Stanley Tools stabbed a forest of shears into the grass. Elsewhere, final nails were being hammered into a summerhouse; formidable stacks of fertilisers, all labelled in French, awaited the hundreds of wholesalers and garden-centre owners invited to the show; and 73-year-old Harold Hillier of Winchester, doyen of British nurseries, surveyed his glowing display of shrubs and plants.

Hillier handed me his price list, starting (at two francs 70 centimes) with Abutilon megapotamicum—"Variegatum." Definitely a show for the cognoscenti—but one lawn-mower firm took £500,000-worth of orders after last year's inaugural promotion. "The French have become a nation of gardeners," Sir Nicholas said. "A lot of them have second homes nowadays." But why do



"I'm going to complain to the Foreign Office!"

they buy garden equipment from the nation of shopkeepers? Aubrey Carroll, an exhibitor from Liphook in Hampshire, who specialises in garden arches, said cheerfully: "The French manufacturers are 15 years behind."

In one corner was a ready-made pond, adorned with a plastic nymph and a frog that blew water out of its mouth. I thought Sir Nicholas viewed that exhibit with a gentle disdain. Perhaps he recalled an article by some wretched intellectual in Le Monde after the 1977 show, mocking the English for exporting garden gnomes. We can take it. Yesterday the sun shone and the orders were blossoming.

**Minister's choice**  
Having emerged from the embassy shrubbery, I collected a titbit from the OECD. The man most likely to succeed to

the job of president of the 24-nation Council of Finance Ministers is 40-year-old Dr. Hannes Androsch, Austrian Vice-Chancellor and Finance Minister. After almost certainly being elected in Paris today, he will fly to London for talks with Denis Healey and Harold Lever. Androsch has held Austria's purse-strings for more than eight years and wants a change of interest.

The post he had half coveted of president of the Austrian National Bank went to the articulate Opposition spokesman on economic affairs, Stefan Koren. Androsch wrote said: "It's like making love to Sophia Loren. If there's no possibility, you don't even think about it. I knew my own Socialist Party had other plans for me."

### Milord flies out

I strolled around the rue du Colisee, just off the Champs Elysee, in the hope of chatting to Lord Brooke. But the man whose name makes the British art establishment shudder apparently feels that Paris is too close to home just now. While the National Gallery leads the last-ditch fight to save for Britain a £250,000 Canaletto of Warwick Castle, Brooke's family home, he has flown off to Idaho. I am told he will not be returning to Europe until September. From Idaho he will go to Bermuda for the summer, well away from criticisms of the manner in which he has already sold off more than £2m-worth of art treasures from the castle, with more in the pipeline.

Brooke has made it plain to friends in France that he intends to keep on disposing of the castle's contents—including pictures by Van Dyck, Rubens and Kneller—when the

market is right. He keeps in close touch with his Bond Street agent. There is also much silver, armour and antique furniture to be auctioned or privately sold. In all, Brooke may accumulate £5m.

In Paris, Brooke—who is 44 and divorced—leads a busy social life. But he keeps away from journalists. He is known to believe that Britain will soon be under an extreme left-wing regime, so that he must realise the family assets while he has time.

His father, the Earl of Warwick, has made over the castle and its contents to Lord Brooke. The earl is also a tax exile; he lives in Rome. Asked on the telephone how he feels about the family home these days, he said: "It stinks of old shoes, old socks and wet mackintoshes. It is up to the Government to decide whether it wants to preserve it or not."

### Peter in Paris

If an Ecology Party is formed in Britain, a likely leader will be Peter Ustinov. He is in Paris to address a UN-sponsored "Round Table" on the theme: "What world shall we leave for our children?" Ustinov tells me he played a large part in promoting the gathering; among other speakers is Princess Caroline of Monaco. After enthusing about the ecologists' recent election success in north Germany, Ustinov in his droll way told me about a Swiss woman he had met in Kenya. She had been sleeping beside a swimming pool and awoke to find a dead green mammoth entwined around the leg of her deck chair. As people rushed up to kill it, she cried: "Stop—you are destroying the ecology of Africa!"

Observer

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# The negative virtues of Denis Healey

IN A lecture to a Chicago audience earlier this year I stuck my neck out by saying that British Governments had turned their backs on budget deficits financed by excess monetary growth—because of the repeated evidence that such growth merely knocked sterling without stimulating output. On the other hand, the real problems of slow growth and high unemployment were still very much with us and had indeed been aggravated by recent policies.

The readiness of the Chancellor to tighten credit and raise taxes in the run-up to an election, at the first signs of runaway monetary growth, vindicates my optimism on the first point. But the particular way in which he has chosen to close the fiscal gap also vindicates my pessimism on the second. Labour Ministers righteously repudiate monetarism and embrace policies for improving grass roots performance. Yet in practice they have been pretty good monetarists but terrible microeconomists.

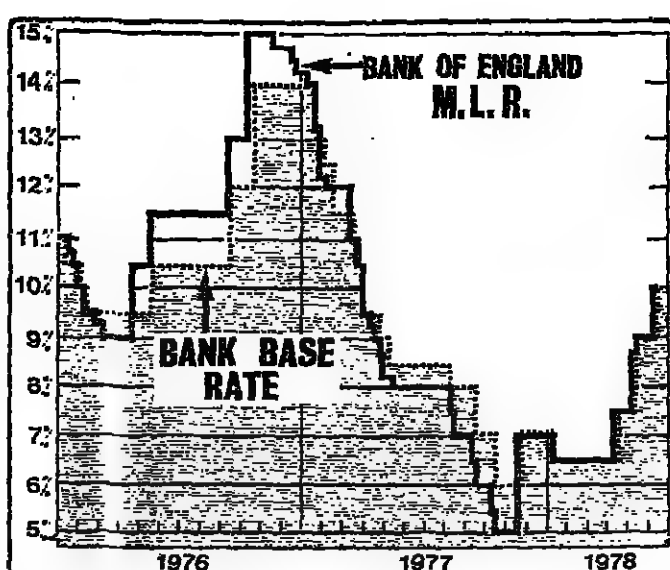
An example is the National Insurance surcharge on which Mr. Healey has been trying to have it both ways. Either the surcharge will be passed on in prices—in which case it will be no different from an increase in VAT or other consumer taxes; or it will be absorbed by employers. In the latter case it will act as a tax on labour and discourage employment. If, as is likely, it is partially passed on, there will be some increase in prices and some induced unemployment. There is no miraculous way in which it can raise revenue without doing one or the other or a mixture of both.

The adverse effect on employment is similar to that arising from a successful bid by unions to increase real wages which prices their workers out of jobs. Interestingly enough, an abortive proposal for a surcharge on employers' contributions first appeared in the late Mr. Selwyn Lloyd's 1961 Budget—when it was regarded as a remedy for labour shortage.

There is also the effect on the Industrial Strategy. The latter seems to consist of paying out to companies through the Department of Industry backdoor, cash which has been taken away via the Treasury front door. Policy becomes even more schizophrenic when taxes on employment are combined with employment premia under job creation schemes.

What would I have done? No hindsight is required. The indexation of the personal tax allowances, of the starting point of the higher rates and of the specific duties has been consistently urged in this column. Thanks to Parliamentary initiative Treasury Ministers have been forced to accept the indexation of the allowances; but Ministers have never even proposed the indexation of the specific duties as a *quid pro quo*.

A Treasury Minister, Mr. Denis Davies, told Parliament on February 21 that the non-indexation of excise duties cost the revenue some £400m a year—or most of the cost of the 1p cut in the basic rate forced through by the Opposition for 1978-79. And it would not have been beyond the wit of the Treasury to squeeze £100m or so out of the extra public expenditure authorised by the Chancellor for this year—indeed before an



The Bank of England fears that a change to more direct methods of controlling the money supply would increase the volatility of short-term interest rates.

election an "estimating change" its borrowing requirement with would probably have sufficed.

But this benign process has limited life. For the further that gilts rise and the more that M.L.R. is dropped back, the less there is for the market to go for; and the more likely it is that the next shift in interest rates will be an upward one. So the market for gilts dries up; and to stimulate it, we need another crisis with interest rates being jerked up yet again; and thus we commence the next cycle. A significant fraction of Mr. Healey's 14 budgets have been due to this bizarre technique.

The main defects of the present system are succinctly set out, together with a suggestion for a new control mechanism by Nigel Duck and David Sheppard in the March issue of the *Economic Journal* (published

by the Cambridge University Press).

Like most promising proposals, this one is basically simple. A proportion of clearing bank deposits with the Bank of England would be reclassified as Reserve Deposits (RDs). Other banking institutions would also be allotted RDs which they would acquire through sale of Government securities.

The authorities would set a ratio of RDs to bank deposits and deviations from this ratio would be subject to financial penalties. The Bank of England would control the money supply by conventional open market operations. If for instance it wished to reduce the money supply, it would sell Government securities to people and institutions, who, when they wrote their cheques in payment, would be reducing the deposits of their banks with the Bank of England. The latter institution would immediately debit the banks' RD accounts by the amount of the security, thereby leading to a multiple contraction of deposits.

This is basically a cash ratio system with modifications. One of these is that variations in public holdings of notes and coins would not have a multiple effect on the money supply, as they would under a pure cash ratio system. The other is that the Bank of England would be able to make an extremely close estimate of the money supply on a week to week basis, simply by looking up the number of RDs outstanding in its own books, and multiplying them by the reciprocal of the proposed reserve ratio.

Like any cash ratio control, the Duck-Sheppard scheme would divorce monetary from fiscal policy and make the Bank and Treasury separately

accountable. An excessive Government deficit would still increase loan demand and push up interest rates, but the precise method of Government finance would no longer be crucial for monetary policy. In particular the issue of Treasury Bills would no longer be inflationary, as Bills would no longer count towards the money supply, as they would under a pure cash ratio system.

The Bank of England's advisers are said to be hostile to such ideas because they believe that exchange rates would supposedly increase the volatility of short term interest rates. Readers are referred to the chart for an illustration of this.

## EXCHANGE RATES AND COMPETITIVENESS

(% changes March, 1973 to May 15, 1978)

Currency	Nominal effective exchange rate	Real rate adjusted for manuf. prices	Real rate adjusted for labour costs
Sterling	-32.0	+4.2	+0.6
U.S. Dollar	-1.7	-2.5	-16.4
Yen	-16.0	-4.1	-22.1
Mark	+30.0	+2.4	-2.0
Frank	+8.8	-2.8	-0.3

Source: World Financial Markets, May 1978, Morgan Guaranty, New York

the great stability of interest rates under existing methods. Maybe the Bank experts do not sufficiently distinguish between the loss of day-to-day control over short-term interest rates, which is one thing, and volatility in the movement of rates, which is another.

"LARGE CHANGES in nominal exchange rates have usually been associated with small changes in real rates and therefore with only small changes in competitiveness." These remarks of Mr. Gordon Richardson in Bern this week are illustrated in the table.

Unfortunately, there is a danger of wrong conclusions being drawn from such data. It is

hardly surprising that changes in exchange rates and in the price of manufactured goods have roughly offset each other. Internationally traded products are likely to be sold at a common price level if they are to attract any buyers.

The main short to medium term effect of exchange rate changes is on the profitability of countries' international trading sectors. Contrary to the belief that exchange rates have not worked, the table shows a volatility of short term interest rates dramatic shift in relative profitability. Readers are referred to the chart for an illustration of this.

Exchange rates can for a time be shifted from their underlying paths by events such as changes in portfolio preferences by reserve holders, or by North Sea development, or American oil imports. But such events can have a lasting influence only if they in turn affect relative rates of monetary expansion in the countries concerned.

This is important in relation to European monetary union for which I expressed some qualified sympathy a few months ago. What I had in mind was mainly the development of a Europa as a new international trading currency, an alternative to existing national ones. There is also something to be said for the gradual harmonisation of national monetary policies to reduce differences in underlying inflationary rates, and thus reducing exchange rate divergences by an indirect but sure road.

If the newly disinclined central bankers' dislike for floating rates is in mean pressure on the U.S. to "do something" about the dollar, then the result could be more painful still. Too many people have forgotten the U.S. import surcharge imposed by the Secretary of the Treasury, John Connally, in 1971, which nearly resulted in a trade and currency war. It is not world currency problems which should alarm us, but their proposed solutions.

Samuel Brittan

## Letters to the Editor

### Education in engineering

From the Secretary, The Institution of Mechanical Engineers.

Sir,—The letter (June 8) from the Pro-Vice-Chancellor of the University of Bradford on the introduction of extended degree courses in engineering is timely and welcome. The Institution of Mechanical Engineers, which has tried to keep to close touch with developments from the outset, is very concerned at the possible implications of what is now being introduced. I use the word "trial" deliberately because there has been very little consultation with the profession.

The Institution believes that, given good entry standards, three years of academic study is sufficient to reach an Honours level in Mechanical Engineering and at the same time cover the basics of non-engineering subjects like accounting, economics and communications. The majority of mechanical engineering courses acceptable to this Institution already do this. Such a three-year degree, plus a further two years of training, preferably integrated in the practices of engineering, is we believe, the ideal formula. We do not support the view that an extension of the academic period is justified in order to include a larger proportion of non-engineering subjects which are best covered after the engineer has spent some time in a real engineering situation.

The aim of academic and practical training at first degree level should be to produce an engineer who is broad based and sufficiently competent in the basic skills to make a useful contribution in the shortest possible time. It is neither desirable nor indeed possible to cram a complete education for life into the first degree course. What is needed is a dramatic change of attitude towards continuing education.

On present evidence, the Institution is unlikely to accord any higher status to the new courses in relation to its membership requirements and its extensive contacts with schools and careers advisers will continue to promote the three-year degree combined with two years of practical training as the ideal.

I must emphasise, however, that the Institution is very much in favour of experimentation leading to sound developments in engineering education and training, but feels unable to support this latest initiative.

Alex McKay,  
1, Birdcage Walk, SW1.

### Battle over EEC textiles

From the National Office, Association of Textile and Man-Made Fibre Manufacturers.

Sir,—Although your informed article (June 12) on the looming battle for EEC textiles makes good reading, there are a number of factors that are not known to the general public and in some cases have not been made known by many of those who attended the Textile Conference at Heathrow. I believe it is true to say that in the European Commission and in particular Viscount Davidson, although deeply involved in the recent Multi-Fibre Agreement, were only responsible for this recent agreement because of the dogged attitude taken by governments of both this country and France, and the trade unions of those countries concerned.

Once the MFA was agreed those involved in the industry hoped that the industry would, through improved productivity, etc., be able to compete in the market of the 1980s and while this situation was being brought about, the Commission would marshal the MFA.

We now find ourselves in a position where the Commission has made a deal with Portugal without consultation, or even agreement, of the member states. Prior to this the Commission, again in agreement with the manufacturers, reached an understanding concerning production levels of man-made fibres which will in itself bring about further unemployment. Again, member states were not involved in the discussions, and were only advised of the outcome.

If the UK textile industry is pressing the EEC Commission for assistance for analysts in the individual sectors of the industry, perhaps we should accept that so far as the textile industry in this country is concerned there are three partners: the employer, the employee, and the Government (who to date have given considerable public funds to this industry), and if any one party seeks with the Commission plan, then I would suggest it is doomed to failure.

Your quote concerning the new Carrington Viella spinning mill at Abertown does highlight the growing problem of investment causing further unemployment while bringing about higher productivity, which at the moment is higher than the national average. Both the Commission, the Government and the employers will fail unless a joint agreement of all parties, both in UK and to some degree an EEC basis, is accepted, and not a Commission dictate.

Roger Beson,  
East Road,  
Longsight, Manchester.

### Producing oil from coal

From the Head of Economic Assessment Service, NCB (International Energy Agency Services).

Sir,—Mr. Whalley (June 7) is quite right to refer to 1980s German and British experience in producing oil from coal but wrong to assume that current interest ignores it. At IEA Coal Research, we have a collaborative programme with several countries (including the U.S. and Germany) which shares insights and experience in the economic analysis and development of new processes compared with oil. Mr. Whalley's figures alone indicate that the ratio of coal cost to synthetic gasoline cost would be roughly halved by current technology and that this ignores the likely value from use of lower grade by-products from the newer processes. The increased sale envisaged for the newer processes is an additional benefit to their economies.

Manufacture of hydrogen is indeed a necessary concomitant of any refined coal liquefaction process and a recent report from the EEC from the UK Coal Industry indicated the value of "free hydrogen" in various coal conversion processes. Nuclear power might be one source of hydrogen but it will not be cheap. A recent U.S. report suggests that with coal at current UK prices it would be roughly twice as expensive to produce hydrogen via electro-gasification (\$10 compared with \$6.40 per million BTU hydrogen production). The availability of

a char by-product from solvent extraction processes is an added reason for choosing a carbon water splitting route to obtain hydrogen. It is interesting that the present day German interest in gasification of coal using nuclear heat considers direct heating of the coal gasifier as a specifically better route than electrolysis. Even so, the economics of a nuclear process do not look specially favourable, unless optimistic assumptions are made about heating performance in the gasifier, with much higher coal cost than currently foreseen in the UK. Problems of coupling nuclear heat with the coal gasifier also tend to be minimised by protagonists of nuclear gasification.

As Mr. Whalley says, these programmes are long term of their nature, but a fair amount of thought is being put in at present and international views of the past as well as the present are not being excluded. A. Baker,  
14/15, Lower Grosvenor Place, SW1.

### Distribution strategy

From the President, The British Transport Officers' Guild.

Sir,—This, the smallest of the four railway trade unions and representing management staff, strongly supports the points made by your correspondent in the article published on June 8 (Management Page).

There is little doubt that distribution problems have not been given the serious consideration they warrant. This has resulted in a very high price being paid in economic and environmental terms for alleged convenience and the avoidance of having to think about a distribution strategy.

It is to be hoped that company chairmen who have not already done so will take the example of Monsanto to heart. They should ascertain how their existing distribution systems work, why they are doing it that way, what they are costing, what they want them to cost, etc. An objective appraisal along these lines would introduce a professional approach into an area of industrial life that has had more than a touch of the enthusiastic amateur for too long.

Henry Haydon,  
Room 307, West Side Offices,  
Kings Cross Station, N1.

### Tax cutting rhetoric

From Mr. N. A. Blüth.

Sir,—I take it as axiomatic that most of us would wish to see, before long, an era of much lower taxes, with a good many existing taxes abolished altogether. What is much less appreciated, is a proper regard as to what a substantial cutting back on tax revenue implies. A considerable proportion of taxation represents a compulsory levy by the public sector on the incomes and capital of the private sector, whereby the subsidies of the former are kept at levels which they have become accustomed to demand as a constitutional right. The public sector is now the most efficiently organised of collective extorters whose political weight prevails in the councils of the TUC. Its members' jobs and pay are guaranteed to the extent that a well organised public sector "persuades" local and central

## GENERAL

President Ceausescu visits British Aerospace, with which a preliminary agreement has already been signed by Romania for 82 BAC 1-11 short-haul airliners, and later gives dinner in honour of the Queen and Duke of Edinburgh at Clarendon, W.I.

Foreign and Finance Ministers of OECD end two-day annual meeting in Paris.

European Parliament in session, Strasbourg.

King Juan Carlos of Spain on official visit to China.

The Queen visits Lord's during the first day's play in Second Test between England and Pakistan.

Princess of Wales visits Three Counties Agricultural Society Show, Malvern.

NALGO conference continues, Brighton.

Mr. K. Marks, Under-Secretary, Environment, inspects experimental pipeline for carrying waste from Horden Colliery, County Durham, out to sea.

Lady Mayores opening photographic exhibition of "The City in the Blitz" at St. Botolph, Aldgate, E.C.2, 12.30 p.m.

PARLIAMENTARY BUSINESS House of Commons: Debate on year.

Berlford (S. and W.) (half-yearly), Chloride Group (full-year).

English China Clays (half-yearly), International Timber Corporation (full-year), Tate and Lyle (half-yearly figures).

COMPANY MEETINGS Alginite Inds., Charing Cross Hotel, W.C.12. BSG Intl., Savoy Hotel, W.C.12. Buzul Pulp and Paper, Abercrombie Rooms, E.C.4, 11.30. Combined English Stores, Dorchester Hotel, W.12. Crona Intl., Connaught Rooms, W.C.12. Grampian Television, Aberdeen, 12.30. Lead Inds., 14, Gresham Street, E.C.2, 12. Moorhouse and Brook, Huddersfield, 11.20. Porter Chubb, Liverpool, 12.15. Usher-Walker, Connaught Rooms, W.C.12.

## Today's Events

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Birmingham.



# COMPANY NEWS + COMMENT

## £4m deficit at 'Lofs'—no dividend

DIRECTORS of London and Overseas Freighters yesterday announced an £8.32m turnover in the latest year, but a £4m deficit, and the passing of dividend as part of steps to conserve the cash resources of the company.

They say that although no cash crisis faces the group in the immediate future, directors are seeking the agreement of its shareholders—and of the UK and Swedish governments—as guarantors—to a deferment of some loan repayments.

"The aim is to conserve our cash resources to avoid running into liquidity problems before we achieve a positive cash flow again."

Last year's £3,207,000 net 2½% share dividend was paid which included £1,081,188 in the latest year the trading loss was £1,720m compared with £1,081,188 in 1976, while the net interest charge was up from £1,081,188 to £1,720m. At half-year, the attributable loss was £1,425m (£1,484m profit).

Directors say the cash surplus generated by the fleet was insufficient compared with the immediate outgoings in respect of loan interest and repayments and payments for new ships brought into service in the year. The result was that group cash resources dropped £8.74m in £8.78m in the period, despite the inflow of dividends, interest and the proceeds from the sale of two ships.

These cash resources may, however, be augmented at the appropriate time by the sale of the £32m of government stock received as interim compensation on the nationalisation of Austin and Pickersill.

Although the group has no ships on order and therefore no capital expenditure commitment this year, loan interest and repayments will total some £20m, and directors say it should be imprudent to rely on the fleet making any significant cash contribution.

The fleet may even make a call on the cash resources and they say "it is not difficult to see that the prospective gives us cause for concern."

They say Lofs is on a survival course and that directors are determined to see it through the present slump in good shape.

They say there will be more compensation coming for Austin and Pickersill some time in the future. The contribution from A & P this year was limited to a £1.5m dividend for the June 30 quarter against £1.1m last year.

The group has taken no account of interest which will eventually be received on the balance of the compensation yet to be agreed. Ship sales in the year yielded £1.78m (£1.24m) while realised losses on the repayment of foreign loans totalled £0.80m, against £0.59m.

The attributable loss is after £34,000 from minorities (£20,24m to minorities) and a £0.72m (£0.88m) share of associate company losses.

Directors say that of the group's £35.57m Eurobond, borrowings repayable between now and 1987, the cost of repayment would

Company	Page	Col.	Company	Page	Col.
Allied Retailers	24	7	News Intl.	22	7
Avenue Close	24	3	Nichols (J. N.) (Yimto)	23	3
CompAir	23	4	Northern Eng'g.	25	6
Country & New Town	22	4	Notom. Brick	23	7
Fidelity Radio	23	5	Parrish (J. T.)	25	6
GL Portland Ests.	23	8	Robertsons Foods	24	1
Hartwells Group	22	3	Staveley Inds.	23	1
Lasmo	22	3	Warren Plantations	23	6
London & Overseas	22	1	Westland Aircraft	22	5
McNeill Group	23	7	Wheway Watson	22	2

### INDEX TO COMPANY HIGHLIGHTS

exceeded the book value by £1.99m at exchange rates, ruling at March 31, 1978. They have, however, adapted the procedure of writing off exchange losses in the year in which they are incurred. The provision has been made against the potential increase in repayment cost.

## Wheway Watson up 23%

WITH TAXABLE earnings of £481,872, against £454,047, ending in the second half, Wheway Watson Holdings limited the year to April 1, 1978, with full-time profit 23 per cent ahead from £204,801 to £251,988. Sales by the chairman, Mr. W. Gibson Biggart, for the year were £1,004,412, of which £1,234m against £1,041m.

The year-end total of reserves at £4,287,727 was more than four times the issued capital. In order to bring the issued share capital more into line with the capital employed in the business, it is proposed to increase the company's authorised share capital by £1.5m to £10m and to capitalise £1,004,412 of the reserves and apply this sum to increase the nominal value of the shares in issue from 5p per share to 10p per share.

The improvement in the 1977/78 profit was forecast in December. Now Mr. W. Gibson Biggart, the chairman, says that the outlook for the current year is reasonably encouraging.

After tax of £181,223, against £204,801 last time restated in line with EDH in the treatment of deferred tax, earnings per 3p share emerged lower at 3.00p (3.23p) basic or 2.89p (3.01p) fully diluted. A net final dividend of 0.32345p lifts the total to 0.57845p (0.70445p). If the rate of income tax is cut to 33 per cent the final will be increased to 0.53645p.

At Wheway Watson (CM) order levels indicate a rising trend and, given a further improvement in operational efficiency and the production platform in place, the brighter outlook in export markets now evident, this sub-

sidary should show increased profitability in the coming year. Mr. Biggart comments, "The better trading results at Wheway Watson (MEI) during the last six months of the year is continuing and an increased contribution is expected from this company."

Felco Hoists had another good year and the year ahead is expected to be equally satisfactory.

Lasmo's present borrowing of £78m unsecured loan stocks and £11m from its bankers, Mr. Grant first disclosed in April this year that the company was holding discussions with its bankers aimed at increasing the amount available under the syndicated unsecured term loan arranged last year.

Authorised spending on development of the Ninian field at December 31, 1977 was £87.42m representing Lasmo's 10 per cent interest. Of the total, £25.1m was contracted for at the balance date.

Mr. Grant also reported that following the installation of the Ninian central platform on May 15 this Ninian field now has two production platforms in place. The third platform is expected to be towed out later this month.

Work on the terminal at Sellafield is continuing but it is sufficiently advanced to restart local uranium oil when production starts.

## Country & New Town disappoints

The directors of Country and New Town Properties announce a pre-tax profit for the year to January 31, 1978, of £58,238 compared with a loss of £89,023 last year, but after tax £25,549, against £78,024, and minorities £17,387, against £15,181 losses came out at £73,338 (£27,223).

At the interim stage after tax and minorities, loss emerged at £94,000, against £175,000, and the directors said that it was hoped the group would recover this loss in the second half.

They now say that the figures have not fully realised the expectations anticipated. In the event, the totality of the costs for the second half were understated.

The loss was partly due to disruption caused by the Standard store modernisation which proved to be greater than anticipated.

Although allowance has been made for directly attributable costs, it is not possible to quantify full effect of the disruption. However, notwithstanding the continuing upheaval, sales in the department which have been completed are encouraging, they add. Further, in the longer term, it is considered that the value of the asset will be materially enhanced.

Loss per 10p share is shown as 0.51p (£0.22) and the dividend for the year is unchanged from a single 0.45p net payment last time, with a final of 0.45p. The company paid an interim of 0.2p in April.

There was an extraordinary debit of £108,361 (£94,218 credit), which was a transfer from the capital reserve, caused mainly by exchange differences.

## Advance by Harcross

Revenue of Harcross Investment Trust advanced from £325,111 to £324,812 in the year to March 31, 1978, before tax of £271,105, against £170,451.

Earnings are given as 0.07p (0.03p) per 10p share and the dividend total is effectively raised from 0.0404p to 0.05p net, with a final of 0.05p. The retained balance is up from £33,918 to £48,540.

The net asset value is shown at 26.34p (£20.32p).

No dividend has been received from a subsidiary whose pre-tax profit—net consolidated—was £1,184 (£3,082). Figures include the net assets of the subsidiary, Harcross is a subsidiary of Harcross and Crossfield which holds 93.8 per cent of the capital.

## Westland Aircraft passes interim

WESTLAND AIRCRAFT fears that its profits might be substantially down on last year after a series of disruptions and labour unrest over pay rates at its Yeovil helicopter plant.

The company has decided not to pay an interim dividend. It warned yesterday that provisions made against its helicopter operations last year might be substantially increased in the current year.

Last year the group made provisions of £81m against both helicopter and hovercraft contracts. About three-quarters of this is thought to have been associated with an Anglo-French helicopter contract negotiated with the Ministry of Defence in 1973. It still has two years to run.

The problems at Yeovil are due to the company's inability to negotiate a new pay formula with some of its manual workers who are still paid under a piece-work system.

Mr. B. D. Blackwell, Westland's chief executive, said clauses in the long-standing piecework arrangement had allowed some manual workers to earn increases outside the norm established by the latest pay code. This had caused unrest among less-favoured workers and pushed up the factory's wage bill.

Last year's provision had been thought enough to provide for all the group's problems with escalating pay rates and fixed price elements in the Anglo-French contract to supply Lynx helicopters to the armed services.

There remains the question of whether the group—which reports that most of its other interests are performing satisfactorily—will be able to pay a final dividend for the year.

In his interim statement Lord Alington says that despite extensive negotiations in the past few

months it has not yet been possible to reach agreement for a new system of pay.

The chairman reports that a substantial increase in the contract provisions which were made last year will be required. The amount will depend on progress in the pay negotiations and on actual productivity and costs achieved and likely to be achieved in the Yeovil helicopter factory. That amount may be as great as last year or even more.

Delivery of helicopters, including the Lynx, has improved in the past few months to around the planned rate. Spare output has been maintained at a satisfactory level and has been profitable. In most other parts of the group turnover and profits have been good. Reduced levels of debtors and net inventory have resulted in substantially lower borrowing which should continue in normal operation for the remainder of the current year.

At Westland Helicopters agreement with the Arab Organisation for Industrialisation to form a joint company, Arab British Helicopters, to manufacture in Egypt a minimum of 250 Lynx helicopters for the Royal Navy, was reached in February. Orders covering tooling, training, and supplies for an initial batch of 50 helicopters have been received.

A further additional batch of Lynx helicopters has been ordered by the Royal Netherlands Navy and further orders have also been received for Arab King helicopters for the Royal Navy.

An initial order has been received for component parts for a new version of the Puma to be produced under a licence with the group's industrial collaborator with that company and a contract has been received from the UK Ministry of Defence for the production of a new helicopter to replace the Sea King.

Work on remotely piloted helicopters is increasing and a larger version is now in development for the UK Ministry of Defence.

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Current payment	Date of payment	Current payment	Date of payment
Allied Retailers	5.81	Oct. 2	5.81	Oct. 2	5.81	Oct. 2
Avenue Close	2.05	July 20	2.05	July 20	2.05	July 20
CompAir	1.63	Sept. 1	1.63	Sept. 1	1.63	Sept. 1
Country & New Town	1.82	Aug. 8	1.82	Aug. 8	1.82	Aug. 8
Flexello Castors	0.45	July 27	0.45	July 27	0.45	July 27
GL Portland Ests.	1.16	Aug. 31	1.16	Aug. 31	1.16	Aug. 31
Grt. Portland	3.30	Aug. 10	3.30	Aug. 10	3.30	Aug. 10
Harrold	0.65	Aug. 10	0.65	Aug. 10	0.65	Aug. 10
Lds. & Oseas Freighters	nil	—	nil	—	nil	—
McNeill Group	4.85	Aug. 15	4.85	Aug. 15	4.85	Aug. 15
Nottingham Brick	3.84	—	3.84	—	3.84	—
T. T. Parrish	4.33	July 27	4.33	July 27	4.33	July 27
Robertsons Foods	5.1	Aug. 2	5.1	Aug. 2	5.1	Aug. 2
Staveley Inds.	65	Aug. 1	65	Aug. 1	65	Aug. 1
Trident Printers	1.59	July 17	1.59	July 17	1.59	July 17
U.S. & General Trust Int.	1.75	July 18	1.75	July 18	1.75	July 18
Warren Plantations	10.05	—	10.05	—	10.05	—
Wheway Watson	0.53	—	0.53	—	0.53	—

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issues. †For 78 weeks. ‡For 50 weeks. §Malaysian cents throughout.

## News Intl. looking for further expansion

AT YESTERDAY'S annual meeting of News International, Mr. R. Murdoch, chairman, told shareholders that overall, the group's trading position was only slightly behind last year, but with every prospect of overtaking it.

However, News Group Newspapers, publishers of the News of the World and the Sun, was about £700,000 behind in its very recent profit from the time last year. This was due to the twin factors of continued industrial troubles and price control, Mr. Murdoch said.

Despite determined and continuous efforts to improve industrial relations, the group was still suffering heavy losses in short deliveries of print orders.

Nevertheless, he felt that there was much tangible evidence within the company of improving attitudes in some sections and he was hoping for a more settled period in the immediate future.

It was the stated policy of the group to maximise its revenues as directors would continue to apply for increases whenever possible, the chairman stated.

It was intended to begin printing in Scotland next year and a decision would be made very soon whether it would be achieved through contract printing or the erection of the group's own plant for some £2m.

Development of a major new production centre in London was being investigated and the group already owned sufficient printing U.K. rather than within it.

## Flexello forecasts over £0.72m for full year

On turnover ahead from £3.53m to £4.13m pre-tax profits of Flexello Castors and Wheels rose from £298,566 to £364,806 for the six months to March 31, 1978.

And the directors expect that the current levels of business will be sustained for the rest of the year, they say. The group will expect those of the year as a whole. Profit for the 1977-78 year was a record £366,221.

The interim dividend payment is lifted from 1.05p to 1.15p net per 35p share and directors intend to pay the maximum permitted total for the year—last year's final was £1.74p.

The directors state that overall demand for products remains satisfactory and in the light of their continuing policy of market development through product improvement and new products, they look forward to further profitable expansion of the group's business in the field of materials handling, both at home and overseas.

Net profit came out at £185,508 (£111,001) after tax of £199,000 (£127,988).

## 'We are emerging from the period of reduced demand for your company's products.'

Highlights from the Statement by the Chairman, Mr. David H. Whiteley

- Turnover dropped to £5.3m (1977—£6.1m). A loss of £137,992 was recorded.
- The directors have recommended that no ordinary dividend should be paid this year.
- We have withdrawn from our trading association in Japan, and our other overseas associates have all traded profitably.
- Orders in the first two months of 1978/79 are well ahead of the equivalent period last year.
- There is no likelihood of further reductions in the work force.

## B.S. & W. WHITELEY LIMITED

Manufacturers of 'Elephantide' insulating pressboards and multiple presspapers.

A copy of the full Report and Accounts may be obtained from the Secretary, Pool Paper Mills, Pool-in-Wharfedale, Otley, West Yorkshire LS21 1RP.

## ENGLISH & SCOTTISH INVESTORS LIMITED

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Managers and Secretaries: Gartmore Investment Limited

Dividend record	Revenue and Dividends	Capital performance record
1969-1978	Year to 31st January	1969-1978
Dividend of 165%	Gross Revenue	Net Asset Value
Dividend of 105%	1974 912,596	Per 25p Share
Dividend of 84%	1975 1,027,724	0
Dividend of 46%	1976 1,069,776	78
	1977 1,477,133	81
	1978 1,335,727	85
	Net Dividend	
	Per Ordinary Share	
	1974 1.0	
	1975 1.33	
	1976 1.88	
	1977 2.20	
	1978 2.45	
	Performance	
	Net Asset Value per 25p share	
	Financial Times Ordinary Index	
	Dow Jones Index (adjusted for dollar premium)	
	and currency movements	
	Earnings per Ordinary Share	
	Dividend per Ordinary Share	
	Geographical Distribution of Portfolio	
	Equities	
	United Kingdom	
	North America	
	Far East	
	Other Countries	
	Net Current Assets	
	Fixed Interest	
	100.0%	

# We just cleaned up!

As one of Europe's great chemicals and plastics groups DSM knows how important it is to clean up after the job is done.

For instance, in The Netherlands this year, DSM will have spent some £35 million to make the River Meuse cleaner. To do the job DSM pioneered techniques which take out nitrogen impurities as well as organic matter. The plant that has been put to work on the Meuse will be big enough to

deal with the waste produced every day by a city the size of Birmingham.

Good news for Dutch farmers who will use the 130,000 tons of bacterial waste produced every year to improve their soil.

So Meuse '78 will be a great year. And the know-how that made it so will travel well. Soon there will be great years for the other rivers of the industrialised world.

Water is a vital resource. DSM technology keeps it clean.

SANTE PROSIT CHEERS SKOL NAZDROWIE

DSM chemicals and plastics

To find out how much more we do, write to the Information Department, DSM PO Box 65, Heerlen, The Netherlands.

do!



## Warren Plantations more than doubled at £10.9m

The new mechanised sorting and packaging plant will be installed in August, the directors add.

As stated at the time of the rights issue in July last year, the directors have reviewed the ratio of interim to final dividends and have declared an interim dividend of 4.83p per 50p share against

The directors point out that it is policy to provide tax on an actual basis and not to provide for deferred tax. The tax liability will be shown in the annual

# Great

**tops £4m**  
WITH SECOND half revenue higher at £2.14m against £1.21m,

After UK tax of £1.78m (£1.17m), net revenue from completed properties advanced from

The result was struck after exceptional items amounting to £904,859 (£1.0mm), which com-

ment of properties. £670,833 (£32,947) for remedial work in connection with latent constructional defect, less a profit of £117,931 last time on the sale of trading properties.

of 3.852p (3.9457p) steps up the total payment from 3.9457p to 4.3572p net costing £1.27m (£1.13m)—should ACT be reduced the directors say the final will be maintained at the maximum

During the year the group

A professional valuation of the entire group portfolio is to be

**A P Bank  
has now  
moved**

In our new offices we will continue to provide all our customary services backed by the specialised expertise and high standards of personal attention which have been our trademark over the years.

*As indicated in the 1977 Prospectus, Mr. G. F. B. Grant retired as Chairman at the conclusion of the Annual General Meeting and has been succeeded by Mr. G. W. Searles as Chairman and Managing Director. Mr. Grant has been Chairman of the Company since its incorporation in 1971 and the Board expressed its thanks to him for his invaluable contribution during the last seven years.*

*Copies of the Company's 1977 Report and Accounts may be obtained from the Company's offices, 9 Henrietta Place, London W1M 9AG, (Tel. No. 01-637 7881).*

## LETTERS




WICH  
ON  
E GROUP

-588 7575, Telex: 888218.

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## Robertson Foods below expectations at £2.7m

FROM turnover of £72.33m, the company's profit before tax of £2.7m, a record £2.7m, in the year ended March 31, 1978.

However, Mr. R. C. Robertson, the chairman, says the profit did not come up to expectation. At midday, when reporting pre-tax profits up from £2.1m in the year ended March 31, 1977, to £2.7m, the directors consider that the fall in the UK group profit in 1978 is only a temporary setback.

Peny SA, the French canning subsidiary which is now wholly owned, had an outstanding year with a substantially higher profit than assumed this year's crops are good, it should have another excellent result, says the chairman.

The current production in the breakfast cereals division is running at a satisfactory level with demand exceeding supply. The Canadian dollar has improved and a reasonable summer could mean a slow down in increases in soft fruit prices, Mr. Robertson adds.

The existing price war among food retail groups and a general fall in food consumption in the period meant that most UK food manufacturers have suffered adversely.

But with selling prices shortly taking place on most of the group's products, margins should not be further eroded, says Mr. Robertson, and it is anticipated that the current year to March 1979 should show a satisfactory improvement over 1977-78.

The final dividend is 4.35p net of £185p to a maximum permitted £249p.

Actual earnings per 25p share are shown as 22.8p (24.52p) and 12.41p (12.33p) after national UK tax charge at 32 per cent.

The group profit would have been considerably better but substantial increases in the prices of soft fruits and dried fruits, the costs of financing the stocks of these materials were very high and the additional bank interest charges could not be fully recovered in selling price increases.

Canada, the group's major export market, suffered from a weak dollar for a considerable part of the year which adversely affected profitability on sales to that country.

The technical problems encountered following the delayed Barry (acquired in September, 1977), the profits rise is only

£10,000 at a time when industry grocery sales, by volume, dropped by around 4 per cent. The important reserves division (half of group sales) struggled to maintain volume while the availability of fresh produce knocked more than a quarter of volume sales of tinned fruit and vegetables. In contrast, however, breakfast cereals (16 per cent of sales) showed a volume gain of about a quarter but unexpected technical problems with the new Canadian equipment, which cost £2.5m, reduced profits in this division by 40 per cent. This should recover in the current year now that the problems have been solved and there should be useful growth from cake mixes (the new Candora range introduced in April has already taken a tenth of the cake mix market).

But, overall, with the main four supermarkets accounting for around 50 per cent of Robertson's turnover, the outlook depends on the duration of the price war and how soon margins can be restored. At 131p, the shares are on a p/e of 11.5 while the yield is almost 6 per cent, compared with 6.8 and 5.6 per cent respectively for the food manufacturing sector.

Both plants are south of Perth in the south west corner of Western Australia. Alvest's plant will be at Woodsey and Alvest's at Wagerup. This will be the third Alvest alumina plant in the state.

The target dates for a start to construction emerged in talks Sir Charles Court, the Premier of Western Australia, had in the U.S. with Reynolds and Alvest towards the end of last month.

Both plants are priorities for the state Government, which holds as a basic point of policy the desirability of adding value to the mineral resources of the state. Already one-eighth of the

world alumina production comes from Western Australia. Sir Charles yesterday made clear that the state wanted to advance from the production of alumina, the first stage in the processing of bauxite, to the smelting of aluminium, the next stage. He wanted to hold talks with the companies about this.

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Alvest's plans for Wagerup arose as a direct consequence of its withdrawal last year from the Alvest consortium.

The Wagerup project is contingent upon state approval for an environmental review and management programme which is now open to public comment. After six talks with Sir Charles, Alvest's plans for Wagerup are clear that there would be little problem about the approval.

The environmental studies have been done with great thoroughness and I am confident that the 'all clear' will be given for a start well before the end of the year," he said.

The Alvest partners will submit their environmental programme by the end of this month and it is expected that approvals will be granted by the middle of October thus allowing for the target date of January construction to be met.

Over this period the obscurities of the Alvest corporate structure will have some light shed upon them. During the next few weeks, Sir Charles indicated, the nature of BHP's participation will be settled. This will ensure a strong Australian participation in the project.

At this stage costs of design, environmental studies and plant layout are being met by Alvest. The U.S. copper group, as to 25 per cent, Millmont, the steel group's metals unit, as to 20 per cent, Kobe Steel of Japan, as to 7.5 per cent, with the balance being met by Reynolds.

Meanwhile studies about the feasibility of opening up the bauxite deposits of the Mitchell Plateau in the Kimberley area, which is in the north of Western Australia, are continuing.

These deposits have been the subject of lengthy investigation by Alvest, a U.S. consortium in which Alvest holds 50 per cent, Sir Charles said. The deposits could be opened up with a \$40m project to produce refractory grade bauxite, but he would prefer to see an alumina plant go in.

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## MINING NEWS

## Two alumina plants for Western Australia

BY PAUL CHESBRIGHT

THE Western Australian Government's strategy for the development of the state's bauxite resources will advance significantly within the next six months as plans for a start to construction at two alumina plants within the next six months come to fruition.

Site preparation for the Alvest consortium's plant, led by Reynolds Metals, the U.S. group, using bauxite reserves held by Broken Hill Proprietary and Sir Rupert Murdoch's News Limited, is scheduled to begin in January, 1979.

Construction work at a plant to be run by Alvest of Australia, in which Western Mining Corporation has a 50 per cent stake, should start by October 1 if the existing target date is met.

Both plants are south of Perth in the south west corner of Western Australia. Alvest's plant will be at Woodsey and Alvest's at Wagerup. This will be the third Alvest alumina plant in the state.

The target dates for a start to construction emerged in talks Sir Charles Court, the Premier of Western Australia, had in the U.S. with Reynolds and Alvest towards the end of last month.

Both plants are priorities for the state Government, which holds as a basic point of policy the desirability of adding value to the mineral resources of the state. Already one-eighth of the

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AFTER A lower transfer to ordinary shares for every five ordinary shares.

comment

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## LEGAL NOTICES

## Britannia Arrow sells more property

IN THE COURT OF JUSTICE  
of the Commonwealth of Massachusetts  
in and for the County of Middlesex  
between  
THE MASTER OF DEARBORN COMPANY, INC.,  
Plaintiff,  
and  
THE MASTER OF DEARBORN LIMITED, and  
THE MASTER OF THE Composite Art  
Company, Inc.,  
Defendants.  
JURY TRIAL. HENRY GIVEN, of the above-  
captioned Company, the Master of the  
Dearborn Company, Inc., on June 1, 1978,  
presented to the said Court the  
MAINS and JUDGES' LIST, 1978, and that  
the said Plaintiff is directed to be heard  
before the Court, sitting at the  
Courts of Justice, at the County of Middlesex,  
on the 3rd day of July 1978, and to  
show any creditor or contributory of the said  
Company, the Master of the Dearborn  
Company, Inc., the making of an order on the  
Petition may appear at his counsel,  
and for that purpose; and a copy of the  
Petition will be furnished by the  
Company, the Master of the Dearborn  
Company, Inc., to the contributors  
of the said Company, requiring such copy  
on payment of the regulated charge for

In the Matter of ALEXANDRA ROAD  
HOLDINGS LIMITED and in the Matter  
of The Composite Art, Inc.

IT IS HEREBY GIVEN that the  
creditors of the above-captioned Company  
which is being voluntarily wound up and  
liquidated, and the creditors of the said  
Company, the Master of the Dearborn  
Company, Inc., on the 3rd day of July,  
1978, to send in the full list of their  
claims and surmises, the addresses, and  
the names and addresses of the debtors  
or guarantors, and the names and addresses  
of their Solicitors or agents, to the undersigned  
Chartered Accountant, at Clifford  
Chambers, 100, Fleet Street, London EC4A 3DF,  
England, and to send in the full list of  
claims, and if so required by notice in writing  
from the said Liquidator, the personal  
names and addresses of the persons who  
impose their debts or claims at such time  
and place as shall be specified in such  
notice, and to send in the full list of  
claims to be excluded from the benefit of  
distribution made in such said debts or

DATED this 3rd day of July, 1978

NOTE:—This notice is printed, formally  
in All-Knowers, creditors have to be on or

[illegible]

IN THE DISTRICT COURT OF JUSTICE  
in the County of Middlesex  
Between CHABO ET AL. Defendants Companies. In  
the Matter of RYMALEC BUILDERS  
LIMITED, a Public Company.  
The Liquidators of RYMALEC BUILDERS  
LIMITED v. CHABO ET AL.

NOTICE IS HEREBY GIVEN, that a  
Petition presented to the said Court by  
the above-named Companies, the RICH COURT  
of Justice was on the 6th day of July  
1978 presented to the said Court by  
HYPERION PLANT LIMITED, whose  
registered office is at 22, The Strand,  
London WC2R 1LA, and that the said  
Petition is directed to be heard before  
the Court sitting at the London W2A 2LL,  
on the 10th day of July 1978, and any  
creditor or contributory of the said  
Companies desirous to support or oppose  
the making of an Order on the said  
Petition may appear at the said Court  
for that purpose; and by his Counsel  
the Petition will be affirmed by the  
said Court, and the creditors or contributory  
of the said Company requiring such copy  
of the said Petition may obtain the same  
or oppose the making of an Order on  
the said Petition has appeared at the  
said Court, and the said Court has  
ordered that for this purpose, and in  
accordance with the provisions of the  
said Statute, the said Petition and  
copy of the said Companies' accounts, and  
copy on petition of the Petitioner shall  
be made available to the creditors and  
contributory of the said Companies.

G. F. CLOAK  
Felix Block  
22, The Strand  
London WC2R 1LA

NOTE—As the said Companies' accounts  
appear on the records of the said Petition  
will serve on, and by his Counsel  
the Petition will be affirmed by the  
said Court, and the creditors or contributory  
of the said Company requiring such copy  
of the said Petition may obtain the same  
or oppose the making of an Order on  
the said Petition has appeared at the  
said Court, and the said Court has  
ordered that for this purpose, and in  
accordance with the provisions of the  
said Statute, the said Petition and  
copy of the said Companies' accounts, and  
copy on petition of the Petitioner shall  
be made available to the creditors and  
contributory of the said Companies.

**ROBBINS OLIVER & LAKE.**  
London WICE IAU.  
Solicitors for the Petitioner.

**NOTE**—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named firm, in writing, of the intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the

**COMPANY  
NOTICES**

**Notice of Redemption  
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IS THE HIGH COURT of the Republic of Argentina, in the Chamber of the Commercial and Maritime Matters, in the Matter of the **JOSE TRANSPORT SERVICES (LIVERPOOL) LIMITED** and in the Matter of the Companies **ASOCIADOS**.

**NOTICE IS HEREBY GIVEN**, that a Petition for the Winding up of the above-named Company by the High Court of

[illegible]

Position will be furnished by the individual named in any order and the representative of the said Company retaining such copy on payment of the usualized charge for the same.

**GORDON CRANCE,**  
Rexford House,  
Aldersbury Square,  
London EC3N 1JY,  
Tel: MND 548 MLC.  
Solicitors for the Plaintiff.

**NOTE:** Any person intending to sue or bring a legal action against the said Plaintiff must serve on, or send by post to, the

12th June, 1978.

**JAPANESE GOVERNMENT  
STERLING LOANS**

The Bank of Tokyo, Limited, instructed by the Japanese Government to announce that the Japanese Government has issued on 12th June, 1978 ten Bonds of 100 million Yen each and that 10,000,000 Yen will be paid on 1st January, 1979.

12/6/78. Presented: or for

where-named notice in form must state name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or his or her solicitor (if any) and must be posted or if posted, must be sent by post in sufficient time to be received at the Bank of Tokyo, Limited, not later than four o'clock in the afternoon of the sixth day of June 1978.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the said Court on the 15th day of June 1978.

CHIEF JUSTICE

IN THE SUPREME COURT OF JUSTICE  
Chaucery Division Companies Court. In  
open Court.

15th June 1978.

Director and General Manager  
The Bank of Tokyo, Limited  
London Office

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the company known as the High Court of Justice was on the 27th day of June 1975, presented to the High Court of Justice by the Official Liquidator of the company, who is now acting as the Official Liquidator of the company, and that the Petition is now pending in the High Court of Justice, and that the Petition is now pending in the High Court of Justice, and that the Petition is now pending in the High Court of Justice.

1. The said Company shall be authorized to request the aid of the said Government in order to support or assist the making of an Order on the said Government for the purpose of obtaining the same in person or by its Counsel for that purpose; and a copy of the Petition will be furnished to the said Government by the said creditor or contributors of the said Company requiring the same copy as payment of the regulated debt of the said Company.

2. PEACE & CO.  
8 - Bedford Row  
London WC1R 4EO.  
Solicitors for the Petitioner.

3. General Accounting must prior to the marriage take place be placed at the disposal of the said Government in person or with the Comptroller General of the said Government in order to be examined and audited.

4. The said Government will be furnished with any one of the records of the said foreign bank.

5. The Agents of the said General Government hereby inform as hereafter:

11 Report of the Board of Directors of the said Company for the year 1977, for the year of accounts 1977-1978, Balance-Sheet at the end of the year 1977.

21 Report of the said Board of Directors of the said Company for the year of accounts as at 31st December, 1977.

NOTE—Any person who fails to comply with the foregoing provisions of this order shall be deemed to have served on or sent by mail to the aforesaid notice in violation of his criminal duty and shall be liable to arrest and prosecution, if a firm the name and address of the person, or if an individual, the name and address of the firm and the name and address of any person who he or she is the representative of and must be served, or if a paid notice, he sent by post in violation of the provisions of the order, is received later than four weeks in the month of July 15th day of July 1938.

[illegible][illegible][illegible][illegible]

**Directors' Office** from a 27-gigging machine at The General Trading Company, a hand-picked selection of 30, the US has in modern disguise at well as the finest traditional suits. Mr. George general colleague to JK G. The Gen'l Trading Company, 164 Sloane Square, London SW1X 9LL.

The Loan ninety six \$3.8 issued on the 15th June 1978 on the 14th September 1978. The price was £55.50. The time assigned was 5.27.6% rate of discount was 9.50495 total bills outstanding is £20m.



## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## NORTH AMERICAN NEWS

## Good third quarter for Dana

NET INCOME of the U.S. automotive components manufacturer Dana Corporation for the third quarter ended May 31 rose from \$30.6m or \$1.03 a share to \$39m or \$1.22 a share. Sales rose from \$497m to \$515m.

For the nine months, net income increased from \$78.6m or \$2.55 a share to \$98.2m or \$3.09 a share. Sales for the period were \$1,666m against \$1,612m.

The quarterly dividend has been increased from 32 cents a share to 33 cents, payable on September 15 to shareholders of record on August 29.

## General Tire reverse

General Tire and Rubber Company experienced a rise in demand for tires and plastic products in the second quarter ended May 31, but profits for the first half were lower than a year earlier, according to Mr. M. G. O'Neill, president, AP-DJ reports from Akron.

Mr. O'Neill said that the company, a subsidiary of RKO General Incorporated, continues to show higher earnings than a year ago, but combined tire, plastics and industrial products profits were down for the first half, as were earnings of Aerojet-General Corporation, another subsidiary.

As previously reported, net for the February 28 quarter rose 14 per cent to \$14.7m or 82 cents a share from \$12.8m or 76 cents a share.

## Emhart forecasts rise

The diversified holding company, Emhart Corporation, continues to record large earnings gains as a result of strong foreign business and improving domestic operations, according to Mr. T. Mitchell Ford, chairman and president, AP-DJ reports from Cleveland.

The improvement in second quarter earnings is expected to approach the first quarter rate of 27 per cent. In 1977's second quarter, Emhart earned \$15.6m, or \$1.31 a share fully diluted on revenues of \$312.9m. The 1978 first quarter net income was \$15.6m, or \$1.30 a share fully diluted, up from \$11.8m or \$1.02 a share a year earlier. Revenue rose 8 per cent to \$316.3m from \$292.5m.

## APL pursues offer

APL is to pursue its proposed exchange offer for 52 per cent of the common stock of Faber Brewing by seeking a Federal Court declaration that the offer could proceed in states other than Wisconsin and Arkansas, AP-DJ reports from Great Neck.

APL filed its action in the southern district of New York contesting the constitutionality of out-of-state application of the Wisconsin and Arkansas State takeover statutes. In a recent decision the Securities Commissioner of Wisconsin had ordered APL not to proceed with its proposed offer for Faber in Wisconsin or elsewhere.

## Hughes Tool record

Mr. James R. Lesh, president of Hughes Tool, said earnings to be reported for the second quarter ending June 30 will exceed the 89 cents a share reported a year ago. AP-DJ reports from Rochester.

They will be record earnings, he added, but he declined to forecast a specific figure.

## Hudson's Bay Oil

Hudson's Bay Oil and Gas Company has declared a 40 per cent share dividend on common shares, for the second quarter of 1978, payable July 28. The quarterly dividend of 62.5 cents per share on the preferred shares series A has also been declared for payment July 15.

## Canadian moves in Husky Oil tussle

BY ROBERT GIBBENS

MONTREAL, June 14.

THERE IS a strong possibility that Alberta Gas Trunk Line (AGTL), the largest gas transmission firm in Alberta, and PanCanadian Petroleum, the oil and gas arm of the Canadian Pacific group, are taking an active part in the tussle for control of Husky Oil, of Calgary.

Mr. Robert Blair, known as "the man who won the Alaska Highway pipeline," heads AGTL and has confirmed his company have bought about 4 per cent of Husky's outstanding 11m shares in the open market since January.

He said in Calgary that AGTL is "considering several options" and a bid for Husky, together with other Canadian petroleum companies, "is one of the possibilities."

But AGTL has not resumed its open market acquisition of Husky stock since trading resumed on Tuesday at around C\$47 to C\$48 a share. The price today slipped back slightly to around C\$46.

The head of PanCanadian

Petroleum is Mr. John Taylor, one of Canada's less known oilmen. PanCanadian is a large oil and gas producer and holds extensive exploration land in Western Canada. Mr. Taylor is known to have been having talks with Federal officials in Ottawa in the past two days, but no details have been disclosed.

On Monday, Petro-Canada, the national oil company, bid C\$45 a share for the outstanding Husky shares. Immediately, Occidental Petroleum Corporation of Los Angeles came back with a share exchange offer worth around U.S.\$450m, which was accepted by the Husky management.

About 65 per cent of Husky's shares are held in the U.S. Husky is controlled by the Husky Oil Group of Cody, Wyoming.

Later, Occidental played its strongest card by proposing a joint development project with Petro-Canada and the Government of Alberta and Saskatchewan for development of the heavy oil deposits in the Lloydminster area of S.W.

Saskatchewan. This was designed to forestall arguments in Ottawa that the Occidental bid for Husky would not bring "significant benefit" to Canada under the rules of the Foreign Investment Review Act.

The position now is that Petro-Canada, with the backing of Ottawa, could come back with a higher offer for Husky shares or that a consortium of Canadian companies, possibly including AGTL and PanCanadian (with or without Petro-Canada) could make that higher offer. The atmosphere in Ottawa is against the Occidental bid. A number of foreign bids for Canadian producing oil companies have been turned down under the FIRA Act, especially when Canadian-owned bidders were on hand. One Occidental bid was rejected earlier this year.

The objective in Ottawa has been to reduce the 90 per cent foreign control of the Canadian oil industry without appearing to be specifically anti-U.S. or to freeze out international funds

from programmes to develop long term oil supplies. Sentiment in Alberta has been less strong but Mr. Blair of AGTL who was mainly instrumental in getting the Alaska Highway pipeline route chosen rather than the Mackenzie Valley route which was backed by the big international oil companies, is known to favour gradual steps towards greater Canadian control.

There are two groups presently to develop the heavy oil reserves of Saskatchewan and South East Alberta. One led by Husky plans an upgrading plant with a price tag of around C\$500m. But there have been long delays in getting either project on the road.

Pressure has been mounting to get the reserves developed both for the Canadian market and for export to Northern Tier American refineries. The task would be simpler and less costly if the heavy oil could be piped to the third Alberta Tar Sands mining operation at a cost of C\$4bn.

## Kaiser sees more price rises

NEW YORK, June 14.

KAISER ALUMINIUM and Chemical Corporation expects continued strong aluminum demand for the balance of the year, higher overall profits for 1978, and sees further price increases on fabricated products before the year-end, according to Mr. Cornell C. Maier, the president.

Mr. Maier said the company will have higher 1978 second quarter aluminum shipments and that year shipments will exceed the 8.67m tons of 1977. As a result, second quarter earnings should exceed the \$2.01 a share earned in 1977 and year earnings should be more than \$6 a

share, against \$5.53 for 1977. U.S. aluminum producer, has already a 1978 first quarter net of \$1.20 a share, compared with \$1.18 in 1977.

Mr. William Hobbs, vice-president and treasurer, said that based on April and May figures, Kaiser would probably record a slight currency translation gain compared with a loss of \$6.1m, or 31 cents a share in the 1978 first quarter.

Mr. Maier believed there would be additional price increases on most fabricated product lines before the year-end. Although he would not estimate the size, he did say the increases would

probably be smaller than those made earlier this year.

Earlier this week the company said it would raise prices on flat rolled automotive bumper stock by 4 to 6 cents a pound and prices on auto body stock by 12 to 13 cents, effective July 1.

The company also raised its aluminum ingot price by 4 cents a pound to 37 cents, effective June 1. Kaiser's other competitors, however, have not raised their ingot prices.

Mr. Maier said he believes Kaiser's price increase is justified and he is willing to hold ingot prices at that level "as long as the market stays strong."

## Heinz expects peak \$100m this year

PITTSBURGH, June 14.

DESPITE "fierce" and growing competition in its markets, H. J. Heinz expects to report that sales and earnings in the fiscal fourth quarter ended May 3 rose by about 17 per cent from the comparable period and that also to report record results for the whole of fiscal 1978, Mr. Burt Gookin, vice-chairman and chief executive officer, told reporters.

Mr. Gookin estimated that Heinz will report net income for the fourth quarter "in excess" of \$35m, or between \$1.54 and \$1.57 a share, compared with \$31.3m, or \$1.34, a year earlier. Sales should increase to around \$614m from \$582.5m. The latest fourth quarter net includes unrealised currency translation gains of between \$8m and \$9m compared with a year-earlier currency loss of about \$500,000.

For the full year the food processor expects earnings to increase between 19 per cent and 20 per cent from the previous \$83.8m, indicating final net of between \$99.7m and \$100.5m, or between \$4.32 and \$4.36 a share. Included in the latest full year are unrealised currency translation gains "in excess" of \$10m.

The latest fourth quarter and full-year net include a non-recurring charge "in excess of \$8m" for the closing and relocation of certain domestic and foreign facilities.

Consolidated sales for fiscal 1978 rose about 15 per cent to about \$2,146m from the year earlier \$1,875m.

Mr. Gookin said Heinz was particularly pleased with its record full-year performance in the face of "substantial" competition in its food markets, especially frozen foods, pickles, Tuna and Ketchup.

To combat competition, Heinz increased its marketing expenditures during the year by 44 per cent to a record \$120m, equal to about 10 per cent of sales. The sharply-increased outlay was used to introduce new products and increase market share of existing product lines.

Despite widely-publicised accounts of the ongoing marketing battles with Campbell Soup, however, Heinz stressed that its marketing effort was not directed against any single competitor. Nonetheless, it is clear the competition with Campbell is intensifying and some analysts believe it could result in price discounting and eventually lower profit margins for both companies in the markets in which they compete.

## Plan to consolidate control at Argus

BY OUR OWN CORRESPONDENT

MONTREAL, June 14.

A consolidation of control of the large Toronto-based holding company Argus Corporation—which owns Massey-Ferguson, among other large Canadian companies—seems to be aimed primarily at fending off any further possible incursions by the Montreal-based Power Corporation of Canada Group.

A bid by Power Corporation, an equally large holding company controlling interests in transportation, pulp, paper and financial services, led to the formation of the Royal Commission of Corporate Concentration two years ago. The bid fell short of getting voting control of Argus Corporation, but the Power Corporation, Chairman, Mr. Paul Desmarais has about 25 per cent of the Argus voting stock and a larger percentage of the non-voting preferred.

The voting control of Argus, founded by a group of friends

led by financier Mr. E. P. Taylor in the fifties, rests in the hands of Raveston Corporation, a private company in turn controlled by several prominent Toronto families including the Melhens, the Conrads Black and his family—be is an Argus director, through his private company, Western Dominion Investment—owns 22.4 per cent of Raveston, while the Melhens family trusts hold 26.5 per cent.

Now Mr. Black says he will use a compulsory sale agreement set up by the Capital City Board of Raveston in 1968 to buy in all the Raveston shares of the Melhens group within six months. Under this agreement, shares of any one of the Raveston controlling groups reportedly must be offered to the others for purchase and not to outsiders.

AP-DJ adds from Toronto: Financial observers here say that the development portends a

change in the aging and, some say, overly conservative management that has ruled Argus since it was formed.

"Argus has been run by old people too long. Times have changed and they've stood still," said one source. The change should make Argus a little more aggressive, and there's lots of room to do it," the source, who asked for anonymity, added.

The Argus empire was controlled almost single-handedly by Mr. John A. (Bud) McDougald, until his death earlier this year. The Black family company is in a position to force the transaction because the estates of two former Argus executives, which together hold 47.2 per cent of Raveston, are supporting Mr. Black's interests. The estates are those of Mr. W. E. Phillips, who died several years ago, and Mr. McDougald. No price has been set on the transaction.

## New casino lifts Resorts International

By David Lascelles

NEW YORK, June 14.

RESORTS INTERNATIONAL, the Miami company which opened the first U.S. casino outside Nevada in Atlantic City, New Jersey, last month, expects a "higher net income" this year because of it.

In an interview with Dow Jones, Mr. James Crosby, the company's chairman, said the casino's "net win" was holding up at about \$435,000 a day. This represents the casino's gains at the gambling tables and slot machines before operating costs and other expenses.

According to Mr. Crosby, this came close to expectations, but he declined to calculate what the win would work out on an annual basis because of expected seasonal fluctuations. However, he said the company's results this year would exceed last year's net income of \$3m or 44 cents a share.

About half the net win is currently coming from slot machines, which Mr. Crosby said was unexpected, since the share was closer to 25 per cent at the company's other casinos in the Bahamas.

Despite this higher income, though, Resorts does not plan to start paying cash dividends. Instead, profits will continue to be ploughed back into expansion. Mr. Crosby added that the company is not considering an offer, but may issue \$20-30m worth of bonds this year or early next to finance capital spending.

Resorts plans to extend its casino floor space by 60 per cent this Friday, provided it gets permission, and Mr. Crosby believes that the company is far ahead of the field that it will be autumn 1979 before any competition opens its doors.

## Atlantic City casino suit

NEW YORK, June 14.

THE Atlantic City investment group, Regency Hotel Corporation, claims that it paid almost \$15m in security deposits to lease the Howard Johnson Regency Hotel in the city from its owner, Jemco Company. It was announced yesterday that one of the largest gambling concerns in the U.S., Caesar's World, which operates the Caesar's Palace casino in Las Vegas, had taken a long term lease on the hotel, with a purchase option.

Regency Hotel is suing Jemco for reinstatement of its lease. A New Jersey court last week denied a motion for preliminary injunction seeking to block the execution of the lease with Caesar's.

The investment group also claims that it spent more than \$800,000 in planning a casino on the site of the hotel while the project for the hotel, which it encountered problems in raising all the financing for the deal, Jemco terminated the lease and ordered the group off the hotel premises, it says.

## Medical group moves ahead

NEW YORK, June 14.

AMERICAN Medical International net income for the third quarter ended May 31 moved ahead from \$3.5m or 56 cents a share to \$5m or 74 cents a share, on sales higher at \$109.5m against \$90m. This result lifted nine months net income from \$9.5m or \$1.52 a share to \$13.5m or \$2.04 a share. Sales for the nine months period advanced from \$253.5m to \$310.7m.

Meanwhile, Ampex Corporation today reported an advance in net operating income for the fourth quarter to April 29 from \$3.26m or 30 cents a share to \$4.15m or 37 cents a share. Sales advanced from \$78.2m to \$87.8m. There was a tax credit this year of \$614,000 or 7 cents a share, making the final fourth quarter net income figure \$1.99m or 44 cents a share. A tax credit of \$2.6m or 24 cents a share lifted last year's fourth quarter net income to \$5.56m or \$4 cents a share.

Scott Foreman and Co., the textbooks concern, reported an increase in per share earnings for the year ended April 30, from \$3.01 to \$3.59, while the lineal chemicals and lighting company National Service Industries reported a modest increase in earnings for the third quarter to May 31, with earnings per share up from 50 cents to 62 cents.

## Restructure call by Hidro Nitro in PUK dispute

BY ROBERT GRAHAM

MADRID, June 14.

A DISPUTE over the past six months between the French group Pechiney Ugine Kuhlman and a Spanish chemical concern, Hidro Nitro Espanola, in which PUK has a 40 per cent shareholding, is becoming increasingly bitter as Spanish shareholders seek to break the French company's control.

Mr. Juan Miguel Villar, Hidro Nitro's chairman, is currently seeking to have the company reclassified. He is pressing the Ministries of Industry and Commerce to treat Hidro Nitro as a utility, and not as a chemical-industrial group.

This would permit the anti-PUK shareholders to invoke Articles of the 1974 law on foreign investment that limit foreign equity in utilities to 25 per cent. Mr. Villar is arguing that Hidro Nitro can be accepted as a utility since it is involved in hydro-electricity generation. However, in terms of sales the major area of activity is chemicals especially ferro-manganese and manganese alloys. Production of the former was one of the main reasons why PUK originally came in providing both capital

and technology. The company is also a significant cement producer.

Differences between PUK's Board representatives and supporters of Mr. Villar, who has been running the company for some ten years, have been apparent for some time. Last year, Hidro Nitro's net cash flow from operations was \$11.6m (\$8.3m) in part due to depressed international ferro-manganese demands. These results accentuated differences over strategy, interpretation of agreements on third country sales and investment strategy.

At the beginning of March this year the company's annual meeting failed to agree on any of the issues on the Agenda. Then on April 22 a second annual meeting ended in uproar with PUK shareholders in protest at Mr. Villar's management. Mr. Villar, despite the fact that PUK together with its supporters had obtained 51 per cent of the vote, Mr. Villar invoked a previously unused legal device governing relations between

Spanish companies and foreign partners. According to this regulation, foreign partners can be prevented from intervening in nominal Board members of their choice.

Since then contacts between PUK representatives and supporters of Mr. Villar have failed to resolve their differences and the question of accounting approval remains unresolved. However, a 70 per cent capital increase has been approved and this has served to fuel the management power play.

Mr. Villar is attempting to prevent PUK from subscribing to the capital increase. Today PUK published a statement in all the Spanish papers saying "Because of the legal situation, Hidro Nitro Espanola is illegally seeking to prevent PUK from exercising its right as a preferred shareholder, PUK warns that the third persons that they may be offered shares which are the exclusive property of PUK."

The statement goes on to suggest that legal action had already been taken to ensure PUK could subscribe and warned of action against anyone who bought such shares.

## VAW suffers from DM advance

BY ADRIAN DICKS

DUESSELDORF, June 14.

THE LEADING West German producer of aluminum, Veralu-Aluminium-Werke, expects a slow improvement in the world market for the metal by the early 1980s, but has been operating so far this year at a heavy loss because of the Deutschmark's appreciation against the dollar, chairman Herr Rudolf Escherich said here today.

Each increase in the German currency's dollar parity represented a DM 4m a year loss of VAW, Herr Escherich said. In addition, the heavy overhang of stocks had pushed down prices to the point that the company is losing about DM 0.30 per kilo of aluminum, at market prices averaging 20 per cent below the company's list prices. As a result of the currency pressure, he said that West Germany had now become a "marginal producer" of aluminum, with German refineries unable fully to cover costs.

VAW is also having to contend with a 50 per cent increase in electricity tariffs, following the expiry of a 10-year agreement at the end of 1977. Because of this and the fall in the dollar, the company is resigned to making a loss in 1978, following the DM 10m (\$4.2m) operating profit earned in 1977.

However, he emphasised that the aluminum industry's situation was by no means as bad as that of the rest of the non-ferrous metals sector or that of the steel industry. Capacity in Germany was almost fully utilised, while by 1980 it would be virtually filled everywhere in the world.

For the future, VAW is interested in expanding its overseas activities both as a fabricator and as a producer of primary aluminum. The U.S. market remained the most attractive prospect for the former, with the added lure that an increasing number of German companies

with which VAW does business at home are now moving there. Herr Escherich confirmed that VAW's plans to enter a joint smelter project in Norway had been postponed, but said it remained interested in prospects in countries with long-term cheap energy supplies, such as Brazil. Yet, at a capital cost of DM 10,000 per ton of metal produced, the establishment of a new aluminum smelter was a much more costly proposition than that of a steelworks, with a much more elaborate infrastructure requirement.

VAW is heavily weighed heavily on those of its parent, the Government-owned holding company Veralu-Aluminium-Industrie Unternehmungen AG (VIA), whose other interests include electrical utilities, coal mines and chemicals. However, VIA earned a DM 2.5m (\$5.5m) profit last year and is once again paying a DM 22m (5 per cent on capital) dividend to the Federal Government.

## ESTEL to reduce loss

BY GUY HAWTHIN

FRANKFURT, June 14.

ESTEL, the steel concern which groups West Germany's Hoesch and Hoogovens of Holland, can look forward to a marked improvement in its results this year.

Expressing the brighter view of steel industry prospects that has recently emerged, Herr Heinz Solbach, chairman of the German company, told the annual meeting he was optimistic about progress in 1978.

But the steelmaking and processing concern was unlikely to move all the way back into profit this year. "Our hopes rest on 1979," he said.

There is still no sign of a resumption of the dividend and shareholders were told not to expect one for 1978. They were assured, however, that the annual payment would be made "as soon as possible."

## Spanish bank lifts deposits

By David Gardner

BARCELONA, June 14.

BANCO ATLANTICO, the largest Barcelona-based bank and ranked eleventh in the national banking league table, made a profit of Ptas55m (\$10.7m) in 1977, against Ptas55m in 1976, and boosted its deposits by 17 per cent to Ptas75,300, of which nearly 10 per cent was in foreign currency. Capital and reserves now stand at Ptas6,500 while the bank's assets have increased the number of its branches from 90 to 112, approximately a quarter of which are in Catalonia, with the rest covering most of Spain.

Atlantico last year became the majority shareholder in the Banco Comercial de Catalunya, operating almost exclusively in Catalonia, with 35 branches and some Ptas 11bn in deposits. In addition, Atlantico holds 50 per cent of the equity of the insurance company Fénix Peninsular, 25 per cent of Interleasing SA, 80 per cent of Bank Atlantico Zurich, and 50 per cent of the Panama-based Banco de Ebroamerica SA. It has a 3.3 per cent holding in the Banco Arabe Espanol (Arababank).

The main owner of Atlantico is the Madrid-based Romasa group whose chairman, Sr. Jose Maria Ruiz-Mateos, has recently been made vice-president of the bank's Board.

Romasa officially admits to holding 70 per cent of the Atlantico equity, but is now believed to hold a comfortable majority, without yet incorporating either Atlantico or commercial de Catalunya into its banking group.

Continental Illinois owned 13 per cent but has now reduced its holding.

## Messerschmidt stake

MESSERSCHMIDT-BOELKOW-BLOHM is to take a 35 per cent share in a new aerospace company to be formed in Iran, AP-DJ reports from Munich. Total investment in the new concern is around DM 2m (\$1m). Other participants are an Iranian group led by the State Energy Company, the Iranian Industrial Development Organisation and the University of the Iranian Army.

## EUROBONDS Optimism for Baker terms

By Francis Ghilès

THE MARKET had another very quiet day with prices holding steady, essentially because there was no turnover and most professionals are very short of stock.

In view of the very good book for the Baker International Finance convertible, the terms are expected to be improved before the bond is placed.

The Swiss Franc sector is also very dull at present. Ory Nolia has been priced at par with terms otherwise unchanged. Two bonds are expected: Bonif100m for Voest Alpine which will be managed by Credit Suisse and a SwFr50m for Finland which will be managed by Swiss Bank Corporation.



## DG Bank Finance Company B.V.

U.S. \$50,000,000 Floating Rate

Note Issue due 1982

For the six months 15th June, 1978 to 15th December, 1978

The Notes will carry an interest rate of 9% per annum.

By: Morgan Guaranty Trust Company of New York, London Agent Bank

## CREDITANSTALT - BANKVEREIN

U.S.\$40,000,000 Floating Rate Notes, 1981

Notice is given pursuant to condition 3 (d) of the terms and conditions of the above-mentioned Notes that the Rate of Interest (as therein defined) for the Interest Period (as therein defined) from 18th June, 1978 to 18th December, 1978 is at the annual rate of 9 per cent. The U.S. Dollar amount to be paid on the Notes will be U.S. \$40,000,000, subject to such amendments thereto (or appropriate alternative arrangements by way of adjustment) which we may make, without further notice, in the event of an extension or shortening of the above-mentioned Interest Period.

European Banking Company Limited acting on behalf of EUROPEAN-AMERICAN BANK & TRUST COMPANY (Principal Paying Agent)

To the holders of

The Long-Term Credit Bank of Japan, Ltd.

Negotiable Floating Rate US Dollar Certificates of Deposit - Maturity Date 15 December 1980

In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the second six month interest period from 15 June 1978 to 15 December 1978 the Certificates will carry an Interest Rate of 9.0% (nine per cent) per annum.

Reference Agent The Chase Manhattan Bank, N.A., London

## ZAGREBAČKA BANKA ZAGREB

On behalf of OLT, Osijek

U.S. \$4,500,000

Medium term project loan

arranged by

The Riggs National Bank of Washington, D.C.

and provided by

The Riggs National Bank of Washington, D.C.

The National Bank of Washington, Washington, D.C.

Nagrafin Bank Limited, Cayman Islands

June 1978



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INTERNATIONAL FINANCIAL COMPANY NEWS

ELF-AQUITAINE  
A call for Government protection

THE 70 per cent state-owned oil group Elf-Aquitaine managed to improve its overall financial performance last year despite a near-disaster in the refining situation of its refining operations.

Chairman M. Albin Chalandon went out on his way yesterday to underline that unless the Government reinforces the protection given to French companies in the refining sector the group's "vocational" interests of the country's leading instrument of oil exploration will be compromised.

The immediate prospects for the group are for a significant increase in its control of recoverable reserves of oil and gas (it estimates that reserves of some 16m tonnes of crude oil and some 20bn cubic metres of gas are recoverable in the short-term), a fairly spectacular increase in cash-flow, and a more sluggish growth in profits.

The group's stake in the North Sea (it controls 52 per cent of Frigg and 8.1 per cent of Ekofisk) is expected to be translated into an extra Ffr 1bn in cash-flow in 1978, Ffr 2bn in 1979 and Ffr 3.5bn in 1980.

Last year also saw the group's diversification programme move forward with the acquisition of the fine chemical group Rousselot via the joint Ato-Chimie subsidiary with Total (Rousselot chipped in Ffr 1.44bn turnover and Ffr 40.2m profits to the group in 1977) and the acquisition of MT Chemicals in the U.S. from American Can. However, the group recorded a negative cash-flow of Ffr 349m and a loss of Ffr 941m, in each case significantly worse than the Ffr 76m negative cash-flow and Ffr 562m deficit of 1976.

The group reckons that its losses here are about Ffr 20 per tonne of refined products sold. It zero on a turnover of Ffr 3.36bn. The group's sulphur activities—its accounts for an eighth of free world production, have been helped by some increase in prices.

The group's 50 per cent subsidiary Le Nickel also had an unhappy year because of depressed world prices, the misfortune of incurring its costs in francs and income in dollars, and accumulating stocks. It lost Ffr 68m last year.

Last year the group produced 18.7m tonnes of crude of which more than two-thirds came from the Gulf of Guinea. Its output of commercial oil reached 11.5m cubic metres, 65 per cent of which was won in France.

Investments in exploration represented some 17 per cent of the total last year. With the development of installations and production taking nearly 48 per cent of Ffr 3.14bn. Refining and distribution was the other main claimant on investment taking Ffr 1.31bn or 15 per cent.

The exploratory budget is sharply up this year with Africa, including the Gulf of Guinea, and the Cameroons, claiming substantial commitment of funds. Development expenses are likely to be lower than last year because of the completion of substantial projects like Frigg.

has closed down one elderly refinery at Ambes saving some Ffr 45m in costs and it is relying on its new catalytic cracker at Grandpuits to transform some 1m tonnes of crude annually into higher value products.

The chemicals, health and hygiene divisions made a Ffr 155m contribution to cash-flow and Ffr 29m to profits.

Another black spot for the group is the plastics field. Atochimie closed its accounts at

Chrysler Australia loan conversion

By James Forth  
SYDNEY, June 14.  
CHRYSLER AUSTRALIA is increasing its working capital by converting a U.S.\$15m loan (about A\$13m) from its U.S. parent into equity capital.

The loan was arranged recently and it was stated at the time that it would be converted into equity. The U.S. parent, which also pumped in another U.S.\$9.1m, into equity last October, indicated that further subordinated loans will be made if considered necessary. The support from the parent company follows a A\$25.7m loss by the Australian offshoot in 1977.

The conversion will be achieved through a one-for-one issue of ordinary and A ordinary shares at A\$1.00 each. It will involve the allotment of 112.4m ordinary shares and 1.99m A ordinary shares. The U.S. parent owns 97.4 per cent of Chrysler Australia's ordinary capital.

Bleak outlook for Sony after half-year setback

BY CHARLES SMITH  
TOKYO, June 14.  
SONY CORPORATION'S consolidated first half. Profits in the three months to April 30 were down sharply up to the turn of last dated net income fell 41.1 per cent to Y121.1bn (\$55.5m) in the six months ending April 30, compared with the same period a year earlier, the company announced today.

The decline is put down to the impact of "negative forces arising from the unstable climate of the world economy."

The main blame seems to rest with the yen appreciation which affected the value of Sony's overseas sales while domestic costs continued to rise.

Sony's overall sales increased during the six months, reaching Y255.3bn (\$122bn), up 3.8 per cent over the previous year's figure for the October to January period had shown a fall of 49 per cent, to Y5.48bn. The company warns, however, that the "negative factors" influencing profits will continue through 1978 and thereafter.

The most positive part of Sony's half-year report deals with research and capital investment both of which, the company says, are being stepped up despite the deterioration in the short-term business prospects. Research spending is currently running at around 6 per cent of sales revenue while capital investment is up 20 per cent on a year ago. The company is still putting money into expanding its tape plant in Alabama (an additional \$22m, following \$45m already invested in the plant).

A breakdown of sales shows that sales of television sets fell by 3.2 per cent during the six months period although they still provide 30 per cent of Sony's turnover. Sales of video tape recorders which had been rising

Unions reject Manufacture aid plan

By David White  
PARIS, June 14.  
LABOUR reduction and reorganization plans aimed at saving Manufacture's financially troubled retail and small arms group, have been rejected by the main trade unions representing the company's 3,000 workers in Saint-Etienne.

The biggest of them, the CGT, has called for a 24-hour strike and demonstration tomorrow in protest against the plan, which involves making 334 workers redundant.

The strike call follows the government's decision to offer Manufacture an advance of up to Ffr 5m on a Ffr 20m (\$4.4m) loan conditionally earmarked for its recovery plan.

Although the Communist-led CGT is fighting the plan, which also means dividing the company into three separate manufacturing, retail and publishing divisions, the Communist mayor of Saint-Etienne, M. Joseph Sanguen, has changed his position and decided to support it. The municipality of Saint-Etienne is the main shareholder.

The mayor said it was a question of accepting the proposals drawn up by M. Francois Gado-Clet, the recently-installed chairman, or facing bankruptcy.

This means that a fresh set of battle lines has been drawn between the unions on the one hand and on the other, the shareholders and the Government, whose offer of financial respite gives implicit backing to the reorganization plan.

The other main unions, the left-wing CGT and the usually moderate Force Ouvriere, also rejected the plan. Although the white-collar union, the CGC, has not yet come out one way or the other, the white-collar branch of the CGT attacked what it termed "an unacceptable ultimatum."

The authorities, it stated, were only agreeing to release loan funds bit by bit in order to force the unions to accept their conditions. These include the renegotiation of social benefits offered to employees.

Conditions on Swedish pulp loan

BY WILLIAM DUFFELL  
STOCKHOLM, June 14.  
The committee specifically states that the combination of the posts of board chairman and chief executive must be abolished. Mr. Gunnar Redlund, the former leader of the Centre Party, who has held both these posts since 1973, is expected to resign. The NCB board at its last meeting also decided that the share capital should be increased from Skr 72m to Skr 200m through a new share issue and a bonus issue.

NCB's financial difficulties derive from the swift expansion it had undertaken just before the recession hit the Swedish forest industry and the collapse in the demand for pulp from western Europe, which was aggravated last year by the fall in pulp prices to a level below Swedish production costs.

the past year, the company's cash holdings are very small, its equity has been eaten away and interest payments on its debts are in the Skr 175-180m a year bracket.

Foreign banks are understood to make up the majority of the company's creditors and to have exercised considerable influence on the committee's report. The committee in fact states that both Swedish and foreign banks have underlined the need for a change in NCB's top management.

In return for this, the committee now seems to expect creditors to agree to a moratorium in amortisation and interest payments. It underlines this point by noting that the Skr 400m state loan would not in itself be enough to save the company.

Arab currency unit trust

BY MARY CAMPBELL  
A UNIT trust to specialise in investment in Arab currencies has been launched in Jersey. The fund, called First European Arab Fund, has been launched by European Arab Bank, which is a London-based consortium bank owned mainly by Arab shareholders.

The trust is believed to be the first such trust to specialise in investments in these currencies. The establishment of open-ended trusts is impossible in the domestic markets of most of the countries concerned because of laws requiring the majority of capital to be owned by local residents.

In practice, most of the investments will, initially at least, be made in Kuwaiti dinar issues, since issues in other Arab currencies have not been frequent. This mainly means Kuwaiti dinar Eurobond issues and issues of certificates of deposit denominated in Kuwaiti dinars. The yields currently available in

Dutch insurer taps holders

By Charles Batchelor  
AMSTERDAM, June 14.  
A RIGHTS issue of one-for-ten basis is proposed by Nationale Nederlanden, the largest insurance company in Holland. Recent precedent for Dutch rights issues suggests that the company could be about to raise more than \$500m.

This strengthening of its capital base is seen as desirable by Nederlanden which has been expanding rapidly in recent years. Group shareholders' capital totalled Fls 1.76bn at the end of 1977 after a rise in net profits of 15 per cent to Fls 205.3m. Revenues during the year increased by an eighth to Fls 5.38bn.

The proposed rights involves the issue of 1.3m new shares at a price yet to be set. The recent rights offer from the smaller Dutch insurer Aiglon was discounted on an 18 per cent discount to market prices. A similar sort of discount for Nederlanden suggests that the funding will raise around Fls 117m.

The warrants attached to the recent bond issue, which now each give the right to 1,000 certificates of shares will have the right to 10 certificates. For the remainder the option exercise price will be applied. The new shares will rank for dividend from 1978.

Latin American \$500m loans

BY FRANCIS GHILES  
TWO MAJOR loans for Latin American borrowers have been confirmed. Panama is to raise a 10-year \$500m loan through a group of banks led by Bank of America. Citicorp will run the books and the management group is currently being formed. Other terms are not yet known but the maturity is a sure sign of the bank's confidence in the market when it last came to the market earlier this year (a spread of 1 1/2 per cent for seven years).

Meanwhile the Brazilian Federal Highway Authority (FNE) is arranging a \$500m loan through a group of banks led by Chemical Bank International. This loan comes in two tranches: \$125m for ten years with five years' grace which carries a spread of 1 1/2 per cent and a \$375m for 12 years with six years' grace which carries a spread of 1 1/2 per cent. This loan carries a sovereign guarantee.

The \$500m loan for Acelita has been increased to \$120m with conditions otherwise unchanged.

Bankruptcies in Japan

TOKYO, June 14.  
JAPANESE bankruptcies in May rose to 1,363 from 1,342 in April, but were down from 1,552 in May last year, the Tokyo Commerce and Industry Research Company said.

The company which provides the figures used by the Bank of Japan for its bankruptcy statistics said that debts involved in May fell to Y14.4bn (\$880m) from Y25.5bn in April and a record Y35.5bn in May last year.

Slavenburg's Bank will raise Fl 60m through the issue of a 10-year debenture. Coupon is 7 1/2 per cent. The issue will be redeemed at par in 10 more or less equal parts. Lists close a week today.

Receiver put into Cockpit Hotel

BY H. F. LEE  
SINGAPORE, June 14.  
COCKPIT HOTEL—one of Singapore's oldest and established hotels—has been put into receivership. Moscow Narodny Bank, which has issued a number of loans to Cockpit Hotel Pte., the owner and operator of the 280-room hotel, has appointed the receiver of Turquand Youngs and Company as receiver. The largest of the loans issued by the bank amounted to about \$350m (U.S.\$21.4m). However, the company's outstanding liabilities including interest at the time of the appointment of the receiver are believed to be in the region of \$855m.

The loans have been secured against several of the company's properties, including the hotel building and adjacent land, and properties in other parts of Singapore.

At the end of 1976, the company has a paid-up capital of S\$10.27m and fixed assets, at 1973 valuation, of S\$59.79m.

The company incurred an operating loss of S\$623,376 (U.S.\$386,400) in 1976, bringing total accumulated losses to S\$1.97m.

Ironically, Cockpit Hotel has fallen into receivership at a time when Singapore's hotel industry is enjoying a boom. The hotel is believed to be currently enjoying a high occupancy rate. Cockpit hotel is the third major Singapore hotel company to have fallen into receivership in recent years. The other two were Far Eastern Hotels Development, which owned the Singapore Hilton, and Imperial Securities, which owned the Oberoi Imperial Hotel.

ROLEI SINGAPORE has reported a 5 per cent increase in trading profit to S\$15.3m (U.S.\$9.5m) for 1977. Post tax profit was approximately S\$14m payment.

Board changes at North Borneo Timbers

BY WONG SULONG  
NORTH BORNEO TIMBERS has announced a major reorganisation of its Board following a sharp setback in its profits.

Mr. Akbar Hydari will become NBT's non-executive chairman, in place of Mr. J. H. Glyn who will continue to be managing director.

Mr. Hydari is chairman of Wimco, the Indian subsidiary of the Swedish Match Company and vice-chairman of the Bombay Burmah Trading Corporation, which is a major shareholder of NBT.

Mr. John Wilson, a former senior general manager of Standard Chartered Bank, will be alternate to Mr. Hydari.

Two other directors, Mr. J. B. Gibbons and Mr. J. A. W. Torrance have resigned, and Mr. P. E. Isleris, who is one of the company's managing consultants, has joined the reconstituted seven-member Board.

NBT reports that its trading results for the year ending May were "disappointing," although it did not release any figures. For the first half, profits were a mere 455,000 ringgits (U.S.\$190,000) compared with 12.24m ringgits.

For the future, NBT says an early return to the high profit levels of the previous years is unlikely, and in view of this, it is cutting down its interim dividend from 8.5 per cent to 5 per cent. To improve its liquidity, NBT has sold off its entire holding in Harprey Gilliland and the Owens Group.

SELECTED EURODOLLAR BOND PRICES				MID-DAY INDICATIONS			
STRAIGHTS		MID		OFFER		MID	
Alcan Australia 8 1/2% 1989	98 1/2	97 1/2	98 1/2	Alcan Australia 8 1/2% 1989	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 1989	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 1989	98 1/2	97 1/2	98 1/2
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Alcan 8 1/2% 1992	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 1992	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 1993	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 1993	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 1994	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 1994	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 1995	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 1995	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 1996	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 1996	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 1997	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 1997	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 1998	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 1998	98 1/2	97 1/2	98 1/2
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Alcan 8 1/2% 2000	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2000	98 1/2	97 1/2	98 1/2
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Alcan 8 1/2% 2002	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2002	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2003	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2003	98 1/2	97 1/2	98 1/2
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Alcan 8 1/2% 2005	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2005	98 1/2	97 1/2	98 1/2
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Alcan 8 1/2% 2007	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2007	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2008	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2008	98 1/2	97 1/2	98 1/2
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Alcan 8 1/2% 2021	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2021	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2022	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2022	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2023	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2023	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2024	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2024	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2025	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2025	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2026	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2026	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2027	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2027	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2028	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2028	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2029	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2029	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2030	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2030	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2031	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2031	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2032	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2032	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2033	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2033	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2034	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2034	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2035	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2035	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2036	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2036	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2037	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2037	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2038	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2038	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2039	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2039	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2040	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2040	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2041	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2041	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2042	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2042	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2043	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2043	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2044	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2044	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2045	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2045	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2046	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2046	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2047	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2047	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2048	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2048	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2049	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2049	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2050	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2050	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2051	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2051	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2052	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2052	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2053	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2053	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2054	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2054	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2055	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2055	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2056	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2056	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2057	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2057	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2058	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2058	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2059	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2059	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2060	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2060	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2061	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2061	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2062	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2062	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2063	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2063	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2064	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2064	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2065	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2065	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2066	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2066	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2067	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2067	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2068	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2068	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2069	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2069	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2070	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2070	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2071	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2071	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2072	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2072	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2073	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2073	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2074	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2074	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2075	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2075	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2076	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2076	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2077	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2077	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2078	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2078	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2079	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2079	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2080	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2080	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2081	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2081	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2082	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2082	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2083	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2083	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2084	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2084	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2085	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2085	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2086	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2086	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2087	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2087	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2088	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2088	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2089	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2089	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2090	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2090	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2091	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2091	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2092	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2092	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2093	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2093	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2094	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2094	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2095	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2095	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2096	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2096	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2097	98 1/2	97 1/2	98 1/2	Alcan 8 1/2% 2097	98 1/2	97 1/2	98 1/2
Alcan 8 1/2% 2098	98 1/2	97 1/2					



## TRW Reports Record Quarter Results

	1978	1977
Sales .....	\$ 870.4	\$ 776.9
Pre-Tax Profit .....	69.6	62.2
Net Earnings .....	35.8	31.7
Earnings Per Share		
Fully Diluted .....	.98	.86
Primary .....	1.10	.96
Dividends Per Common Share .....	.40	.35
Outstanding Common Stock .....	28,215,000	27,665,000
Shares Used in Computing Per Share Amounts		
Fully Diluted .....	36,696,000	36,699,000
Primary .....	28,662,000	28,567,000

Fully diluted earnings per share were U.S. \$98 compared with U.S. \$86 in the first quarter of 1977. Primary earnings per share were U.S. \$110 versus U.S. \$96 in 1977.

For further information on TRW's 1978 first quarter results, please write for a copy of our quarterly report: TRW Europe Inc., 25 St. James's Street, London SW1A 1HA

\_\_\_\_\_

**laboratories.**



**LIRA** previously.  
Frankfurt. The firing was



ork, the dollar's trade weighted level against.

Financial: francs 55.00-55.10.

U.S. cents per gallon

\_\_\_\_\_

Rate given for Argentina is free rate.

Original Value (\$)	1.071	3.002	6.053	9.503	14.074	21.102	32.472	50.002	75.002	100.002
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The following annual rates were quoted for London dollar certificates of deposit: one month 7 7/8% per cent; three months 8 1/8% per cent; six months 8 3/8% per cent.

1. All rates are current rates in Singapore.

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3

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[illegible]

9

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not likely.

**OVER TIME**

**Discovery Rate** 4.5%

### Aktiebolaget

Flux 250,000,000 1978-1986  
PRIVATE PLACEMENT

**KREDIETBANK S.A. LUXEMBOURGEOISE**

PKBANKEN INTERNATIONAL (LUXEMBOURG) S.A.  
SKANDINAVISKA ENSKILDA BANKEN (LUXEMBOURG) S.A.  
SVENSKA HANDELSBANKEN. STOCKHOLM

All of these bonds having been placed, this announcement appears as a matter of record only.



**KREDIETBANK S.A. LUXEMBOURGEOISE**

PRIVATBANKEN AKTIESELSKAB

Luxembourg, May 24, 1978



## Wall St. moves erratically in heavy trade

## INVESTMENT DOLLAR

## PREMIUM

\$2.80 to \$1.13% (1414%)

Effective \$1.827 50% (51%)

MOST of an initial strong rise

on Wall Street yesterday was lost

by a session of heavy trading

and the stock market moved erratically for the

rest of the day before closing with

mixed movements after a very

active trade.

The Dow Jones Industrial Average

touched extremes of 865.82

and 868.57 before finishing 242

down on the day at 864.58. The

NYSE All Common Index recorded

a net loss of 3 cents at 556.58,

after moving between 556.24 and

558.85, although gains still held

an edge over losses at the close

of 784 to 685 following an early

three-to-one advance. Turnover

expanded to 37.2m shares from

Friday's 30.7m.

Brokers said the market was

caught between some window

dressing by institutions prior to

the end of the second quarter

and unfavourable economic news.

Analysts continue to expect

further short-term

rates and the Prime

rate are forecasting a new ex-

WEDNESDAY'S ACTIVE STOCKS

Change

Stocks Closing

Stocks Closing

Stocks Closing

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pension in the money supply

when the Federal Reserve re-

leases its weekly report after

checks and reports a dip in

supply growth rate than in the

previous statement week.

It was reported that U.S. fac-

tory profit margins fell in the

quarter while Wage and Price

Stability Council director Bos-

worth said the nation is headed

for a recession if inflation is not

brought under control.

The dollar fell to new lows

against the yen for the third

consecutive day but was mixed

against other major currencies.

In another development, how-

ever, Republic Steel matched

Booth's Steel's recently an-

nounced steel price rise of only

3 per cent, which was considered

a helpful factor in the fight

against inflation.

President Jimmy Carter, at his

news conference yesterday, urged

Congress to act responsibly in

passing appropriations.

IBM, which hit a new peak for

the year on Tuesday, ended 2

down at \$271 after trading

high at \$275 at one point

yesterday.

Ramada Inns jumped \$2 to \$71

on volume of nearly 1m shares,

while City Investing picked up

to \$17.

Motors issues were also in the

spotlight. American Motors

rose \$1 to \$41 in heavy trading,

including blocks of 100,000 and

70,000 shares—it reported a 1 per

cent rise in early June car sales.

General Motors, however, eased

its \$1.60 to \$1.50 on an

encouraging report on uranium

exploration in Ireland.

Ford Motor reported an 11 per

cent rise in sales but continued

under pressure because of the

Government scrutiny regarding

the safety of its small cars—the

shares lost \$1 to \$46 in heavy

trading, including blocks of

100,000 and 115,000 shares.

Exxon shed \$1 to \$46—the

U.S. Supreme Court has upheld

a Maryland law prohibiting petro-

leum producers or refiners from

directly operating service stations

in that state.

Service Corporation Interna-

tional dropped 2 to \$84—plans

for a company to be formed by

some of its officers and directors

and by American General Life

Insurance to acquire Service

have been abandoned.

Sony gained \$1 to \$81 in heavy

trading despite reported lower

earnings.

THE AMERICAN SE Market Value

Index managed a fresh rise of 0.87

to 151.32 in heavy volume of

5.6m shares (470m).

Canada

A strong performance occurred

yesterday in very busy trading.

The Toronto Composite Index

ended 33 higher at a 1978 peak

of 144.4, while the Dow Jones

rose advanced by 0.5 to 143.1.

Gold added 0.1 to 138.25 and

Anglo 1.30 at 378.24.

Anglo United Development

jumped 75 cents to C\$3.65 on an

encouraging report on uranium

exploration in Ireland.

Germany

Spurred by a resurgence of both

domestic and foreign buying in-

terest, share prices gained ground

across a broad front in lively

trading, although dealers could

give no specific factors to account

for the rise. The Commerzbank

index closed 6.7 up at 796.9.

Linde led Engineering's higher

with a rise of D31.63, while

Brown Boveri gained DM 4.50 in

Electrolux.

Among others, Daimler-Benz

advanced DM 3.8, BMW DM 1.50

and Volkswagen DM 1.30, while

Störck had a 1.50 rise.

Deutsche Bank Improved DM

3.10.

Elsewhere, Gelsenberg was un-

changed because of the cash-

shares offer from Veba, DM 2

was unchanged.

Tokyo

Stocks displayed a firm bias in

further moderate activity, with

buying interest concentrated in

speculative issues. The Nikkei

Dow Jones Average improved 8.44

to 3,508.17, 23m shares (21m).

However, the yen's renewed

appreciation against the dollar

continued to unsettle export-

oriented issues. The Nikkei

closed 144.4, while the Dow Jones

rose advanced by 0.5 to 143.1.

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NORWAY'S RECENT announcement that it is to take a 40 per cent stake in Volvo, the Swedish motor manufacturer, was well timed—at least for the Oslo Government's shipbuilding policy. The connection between what will be the Norwegian's newest manufacturing industry and one of their oldest is simply that as one shrinks, it is hoped that the other will grow to soak up some of the displaced labour.

So the timing of the announcement — neatly sandwiched between the Government's proposals to run down shipbuilding and what is bound to be a sticky parliamentary debate in the Storting on the same subject — has given the Industry Minister a few rounds of defensive ammunition.

The strategy is to use the wealth created by North Sea oil and gas to finance the reconstruction of the country's industrial base rather than using oil, as has been largely the case so far, to subsidise key high-cost domestic industries in areas such as textiles and shipbuilding against unmatchable competition from the Far East.

At the moment, only the briefest outline of this new strategy is visible, but on shipbuilding, the Government does now appear at least to have made up its mind that the old policy has no future.

The old policy probably cost the Oslo Government around £200m last year, although no official figure is available in confirm this. An official inquiry into shipbuilding, however, did ascertain that on average a 20 per cent subsidy was required for all orders taken by Norwegian yards last year. This suggests a total subsidy level of at least £120m.

The real cost is certainly

## Why Norway is trimming its sails on shipbuilding subsidies

higher than that after taking into account loan guarantees which may result in losses and, more important, after allowing for the very considerable costs of development aid packages which have been used to market smaller Norwegian vessels in the third world.

Government sources put the total cost of the development aid deals involving ships so far at Kr 875m (£87m). There is also likely to be some under-reckoning as the result of a remarkable aid scheme last year which sought to encourage small private investors to put their cash into new Norwegian ships in return for tax credits on generous terms. Some deals were financially attractive even if the ships purchased had no prospect of profitable employment.

This scheme cost the Government almost £100m in tax credits and, by what is now common agreement, harmed the Norwegian shipowners' reputation for professionalism by bringing into being a new group of "shipowners" whose own professional ability lay in high-paid but hardly maritime occupations such as dentistry and the law. Established shipowners also feel that merely to increase the number of shipping companies is a retrograde step.

With well over 200 such companies already in existence, there is widespread support for the idea of using the pressures of the present recession to

force some regrouping and rationalisation.

There is no doubt, though, that last year's State munificence worked. In 1977, Norway's shipyards booked 621,000 compensated gross tons of orders (the agreed measurement showing a ship's work content)—the second best performance in Europe behind only West Germany, and enough business to keep most of the yards busy for a year.

For a number of reasons, it was a policy which could not

be continued. Mr. Bakke wants Norway to regain its initiative within the Organisation for Economic Co-operation and Development on a concerted approach to reducing world shipbuilding capacity. Whether Mr. Bakke and his colleagues will succeed in convincing their European colleagues that Norway has at last swallowed the bitter pill of retrenchment depends much on the deployment of the proposal now before the Storting.

By IAN HARGREAVES, Shipping Correspondent

last. Principally, pressure from the Finance Ministry to call a halt became too strong. But there has also been a growing acknowledgment from a Socialist administration—which traditionally has more sympathy with shipyard workers than with the remote and slightly aristocratic shipowning community—that to fuel shipyard output was to turn the screw further on a hard-pressed shipping industry which in better days used to account for one-third of Norway's foreign earnings.

Mr. Hallvard Bakke, Minister of Commerce and Shipping, now accepts that the preservation of the shipping industry is a high Government priority and that the change in shipbuilding policy is designed to serve that end

The proposal stops short of setting any target for reducing the size of the industry and does not suggest which of the country's more than 80 yards are no longer viable. The Royal Commission report on which the Government's plans are based mentioned reductions of between 40 and 80 per cent in the industry's workforce of 20,000 in a two to three year period.

The Government says that decisions about closures, retrenchments and diversification out of shipbuilding will be left to the individual yards. It argues that the financial climate created in the new policy will not, unlike the old, permit the survival of all.

Under the new regime, the tax-credit device for domestic shipowners is abandoned. Instead, domestic owners will be offered a straight reduction of

10 per cent of the price of any ship ordered in Norway—the Government will pay the yard the 10 per cent—and in addition owners will get 80 per cent delivery credit spread over 12 years with freedom from repayments in the first three years but at unsubsidised interest rates.

In addition, the Government is to top up its development aid programme with another £10m and provide £5m for research and development in shipbuilding and for costs incurred in companies switching away from building ships.

Norway's shipowners, who, like their colleagues in other European countries, have howled long and hard against subsidised production of unwanted ships, believe that the plan is tough enough to have an effect.

For its part, the Government says its measures will reduce from 20 to between 12 and 15 per cent the level of average subsidy per contract.

Just how the required reorganisation will take place is far from clear and shipbuilders are still in too great a state of shock to have many ideas of their own. The Government does not intend, as was suggested in the commission's report, to take board-level representation in those companies that it puts funds into, but it does intend to channel aid towards the smaller West Coast yards.

This must mean that the first yards to suffer will be, ironically, the larger and better equipped companies in Eastern Norway and the Oslo Fjord. It is into sites such as these that the Government is thought likely to place its share of Volvo manufacturing and in particular the marine engine-side of the Swedish company's business which is to be transferred entirely to Norway.

Even with Volvo, the diversification will not be easy. The obvious candidate for absorbing labour and equipment is the offshore supply business. But Norway's cautious and somewhat slower than intended progress in exploration has restricted scope in its own sector of the North Sea at the same time as the British authorities have learned increasingly to play the protectionist game in the U.K. sector.

In any case, Norway's biggest shipbuilder, the Aker Group, started its diversification into offshore work in 1974 and last year spent only 31 per cent of its efforts on building ships.

So with a squeeze on offshore contracts, there is intense competition for the next big Norwegian order, the Statfjord oil production platform. Aker's main competitor for this contract is Norway's biggest industrial group, Kvaerner, which also has slack capacity.

With almost 9 per cent of its Norwegian workers employed in shipbuilding, these are serious problems, justifying the Government's decision to let the air out of the subsidy cushion as gently as possible. How quickly it will deflate is hard to judge. It partly depends upon the response Norway receives from the international community when it urges others to follow a similar course.

## BRITISH-BORNEO PETROLEUM SYNDICATE LIMITED

Extracts from the Statement of the Chairman, Mr. Campbell Nelson, at the 64th Annual General Meeting held in London on 14th June, 1978

Net earnings for the year were £485,000, easily a record for the Company and, on a comparable basis, an improvement of £82,000 over the previous year. In addition, before our investment in subsidiary Company had net gains, after taxation, on realisation of investments of £41,000, compared with £25,000 in the prior year, which have been placed in Capital Reserve.

Both the interim and proposed final dividends have been increased to the maximum extent permitted by Government. It has been the policy of this Company throughout its 65 year history to distribute, as dividends, a large proportion of its earnings. It has of course been restrained by Government action in recent years. When these restraints are relaxed, it is the intention of the Directors to recommend a resumption of its traditional dividend policy.

The distribution of a higher proportion of earnings will suit all classes of shareholders with the single exception of individuals living in this country who are liable to the high rate of tax on their investment income. There have been efforts in various quarters to get some relaxation put into the Finance Bill on these matters but these efforts have unfortunately come to nothing. For each £1 of these earnings we pay Corporation Tax of 52p. When we distribute our earnings we pay, for individuals, I have described they have to the remaining 46p directly to the Inland Revenue and are left with under 1p out of what started as £1 of earnings. It is a sad reflection upon government that it should apply such a confiscatory measure and disguise it as taxation so that it does not receive the publicity it deserves.

The Stock Exchange value of our Quoted Investments at 31st March last stands at a record figure of £9,335,000 which exceeds the Balance Sheet figure by a record £3,427,000. This is an improvement of £180,000 over the position at the end of the previous year. There has been a substantial improvement since 31st March in the value of our Oil Investments both in the U.K. and the U.S.A. as well as to our Industrials. The further improvement in Stock Exchange value exceeds £1 million.

Our Capital and Reserves, together with the unutilised appreciation of our investments, were equivalent to 188p per share at 31st March last. It must be appreciated, however, that profits on realisation are liable to Corporation Tax. We have the taxation status, except for Brupen, of a Finance Company.

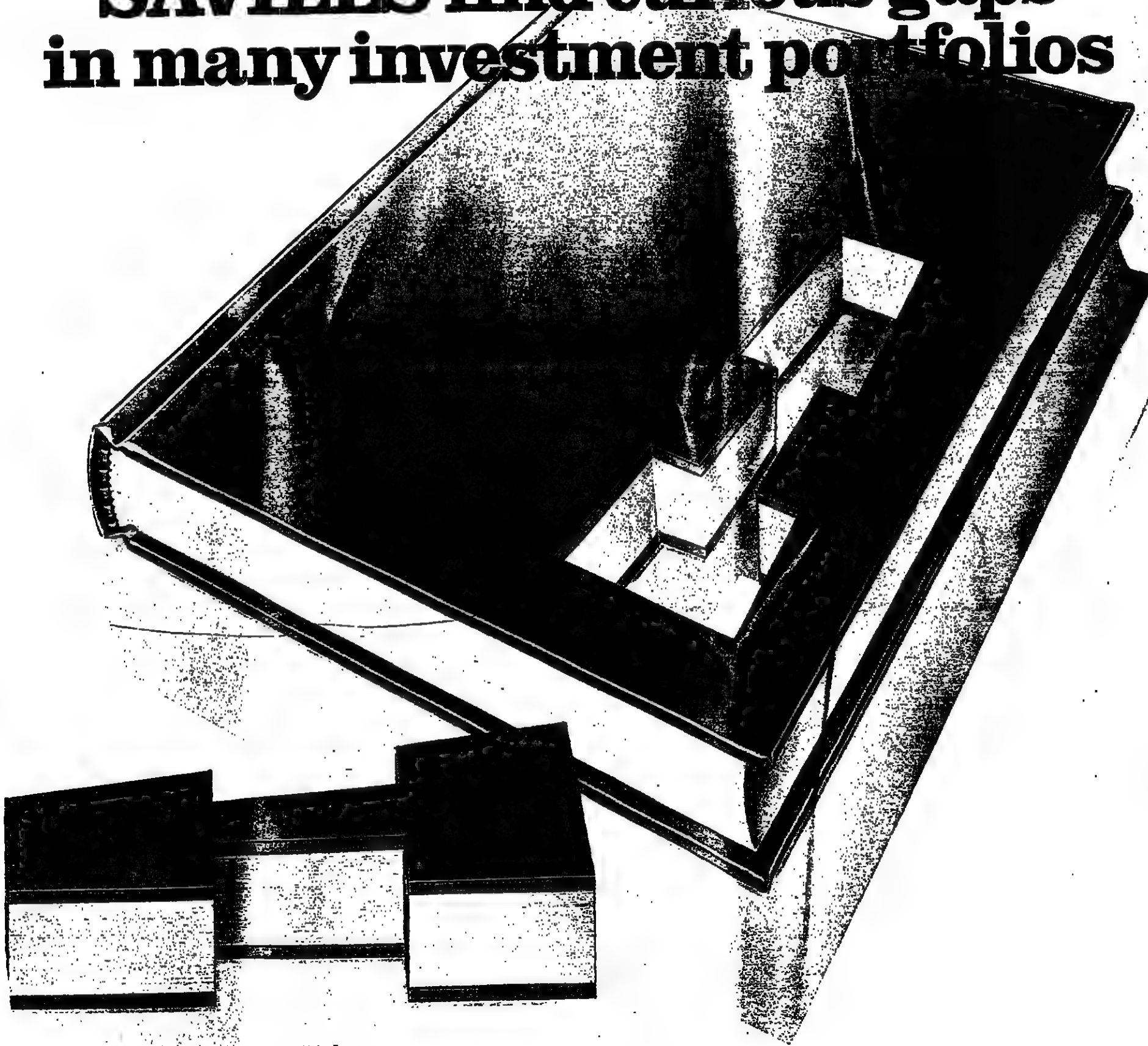
The make-up of our quoted investments at 31st March last at their then Stock Exchange values was 83% Oil Companies and 17% Industrials. 6% Gold Mining and other Mining Companies and 3% Preference Shares. These percentages reflect higher values, and some increased investment in Oil Companies, higher values, and some disinvestment in Industrials and a continued disinvestment in Gold Mining Companies.

Our expenditures on Western Canada oil and gas exploration ventures totalled £176,000 at 31st March last. We have two interesting ventures which are referred to in the Directors' Report. Drilling of the Boundary Lake prospect is expected to start in late June. The drilling at Meekwaap has been held up owing to the difficulty of obtaining a rig. This problem has now been resolved and it is expected drilling will start in August.

Our enthusiasm for investment in selected oil companies both in the U.K. and the U.S.A. is undiminished. We shall proceed in our Western Canadian ventures, keeping to our criteria of ventures giving promise of early pay-outs and attractive profitability. Our financial position is strong and our portfolio of investments is in good shape for its income and capital appreciation prospects as well as for opportunities in market dealings. We are encouraged in our efforts by the good relationships we have with our principal shareholder, Consolidated Gold Fields. We expect to do well in the current year.

Copies of the full Statement and the 1978 Report and Accounts are available from the Secretaries of the Company, 2 Broad Street, London EC2M 4EP.

## SAVILLS find curious gaps in many investment portfolios



We at Savills acquire commercial and industrial properties for Pension Funds and Insurance Companies, and see a good many portfolios in the course of a year.

A curious gap often strikes us. Many substantial investors have surprisingly substantial direct holdings of commercial and industrial property.

That's curious, because such property has often shown the best average performance of any investment medium over the last ten years.

Of course, you have to pick the right properties. And that can be difficult without help.

Savills apply three principal criteria in assessing commercial and industrial properties for investment:

1. The location of the property.
2. The quality of the building.
3. The covenant of the tenant.

We look very carefully into all three before seriously considering any property for our clients. If it measures up on all three counts, there's a very good chance it will give good long-term performance.

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of this kind, our experience shows that Pension Fund and Insurance Company Investment Managers do well to put between 15% and 30% of their portfolios into the direct purchase of Commercial and Industrial Properties.

In return, they get a good return. They also get total control of the properties they buy, and a total management service from Savills if they want it.

It could make very good sense to plug that gap without delay. The partner in charge of the commercial investment department is Tim Simon.

# SAVILLS

The complete property service.

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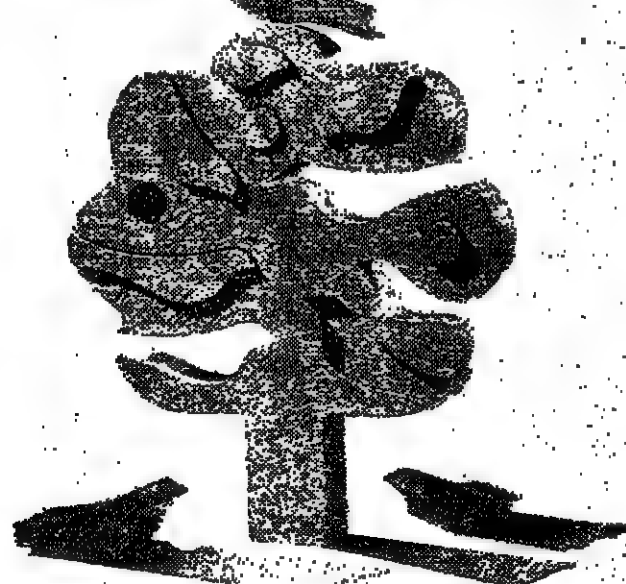
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## The unsecret of our success



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Perhaps more than any other Japanese bank, Saitama offers its customers the full benefits of its vigor and vision. The vigor that has made it one of Japan's fastest growing major banks. And the vision of a bank that never targets people are people.

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WILL SELL BY TENDER THE MODERN EARTHMOVING, VEHICLE & PLANT FLEET: OF JOHN R. BILLOWS LTD. COMPRISING: 3-D8K (1976/77) 500-2500 hrs. Tilt Dozers Rops Cabs, CCU: 22A with Winch Dozer, 463.435. - Cat. 70 Scrapers, 955L (1976) 2500 hrs. 3 x 951 B - Cat. 215 (1976) - 225. Poldin RC200. TCS - Liebherr Excavators, 2 x 5500 Digger Loaders (1976). Cat. 966, 950 (1976), 920 (1977), 910, (Volvo 1240, 846, 640). New Fiat Allis 3458 Wheeled Loaders, 4 Volvo N10 6 x 4 Dump Trucks (1975/6), Volvo 6 x 2 x 4 x 2 Tipper, Alloy Bodies. 2 30 Ton Low-loaders, right & left hand drive, Service Vans, Pick-up Trucks, Range and Land Rovers, Mercedes cars, Mini Bus, Welders, Excavator and Side-tip Buckets, Timber Grab, Forks. Cat. + Volvo Spares, Workshop Tools.

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At a company specializing in the manufacture of low cost hydraulic units we are seeking to extend our activities. Over recent years excellent relationships have been developed with customers lacking specific hydraulic experience, and a number of successful joint ventures have been brought to fruition. Sales this year will exceed £2.5 million and, as a member of a large engineering group, we have at our disposal the facilities associated with large organizations. However, we sincerely believe in the old adage "large only from the field of low cost hydraulics, why not contact us and discuss the possibility of a joint venture. Write Box G.2110, Financial Times, 10, Cannon Street, EC4P 4BY.

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In prime position of Bournemouth as a whole. 1) Linden Hall Hotel, Christchurch Road (as investment, let at £21,500 per annum, 5 yrs. remain on full repairing and insuring lease). 2) Linden Sports Club, Knole Road (as investment, let at £12,000 per annum, 5 yrs. remain on full repairing and insuring lease). 3) Forecourt petrol filling station, garage and workshops, Kynwaston Road (vacant possession). 4) Staff houses and flats (vacant possession). Ideal as leisure centre and/or potential redevelopment. Hotel Department, GOADSBY & HARDING, Borough Chambers, Fir Vale Road, Bournemouth. Tel. 0202 23491.

### NORTH-KENT COAST FREEHOLD CLUB PREMISES FOR SALE

Bars, family lounge, cabaret room, restaurant, etc. In all 16,420 sq. ft. Turnover 1977-78 £98,000. Full details, contact Box G.2081, Financial Times, 10, Cannon Street, EC4P 4BY.

### BUSINESSES FOR SALE

## For Sale

A group of companies trading as timber importers and merchants and manufacturers of timber frame houses. Located in East Devon. Current turnover in excess of £500,000. For details contact box G.2092 Financial Times 10 Cannon Street EC4P 4BY

### SPORTSGROUND AND LANDSCAPE CONTRACTORS FOR SALE

Old established private company operating in North of England. Turnover approximately £1m per annum. Plant depot and yard of approximately 11 acres with easy access to motorway network (could be disposed of separately). Past tax losses of £40,000 available. Write Box G.2098, Financial Times, 10, Cannon Street, EC4P 4BY.

### SMALL PRECISION ENGINEERING AND MACHINE TOOL COMPANY

with extensive plant and skilled workforce (situated Southern England), seeks merger with large organisation. (Outright sale may be considered.) Turnover approximately £85,000 per annum. Principals only write Box G.2104, Financial Times, 10, Cannon Street, EC4P 4BY.

### DEVELOPERS FOR SALE

owning land bank with planning permission, valued at about £100,000 and tax losses of about £30,000. Principals only please apply to Box G.2104, Financial Times, 10, Cannon Street, EC4P 4BY.

### WIRE PRODUCTS COMPANY

For Sale To: approx £160,000 with spare capacity. Good product lines active exploitation. Good labour force. High growth potential. Located North West. Write Box G.2109, Financial Times, 10, Cannon Street, EC4P 4BY.

### PLANT HIRE COMPANY

Established Plant Hire company situated SW London for disposal. Available with yard. Will only consider principals. Write to Box G.2108, Financial Times, 10, Cannon Street, EC4P 4BY.

### SMALL SUCCESSFUL SKATEBOARDING COMPANY

Sales of approx. £750,000 per annum. Large proportion exported into Europe at realistic prices. Brand leader in its price range. Would suit either aluminium die-casting company or plastic moulding company. At present all work sub-contracted therefore profits never being maximised. Please reply to: JACKSON VAYRO & CO., 9 Alma Square, Scarborough, Yorks. F.T.A.O. Mr. B. Leasing

### TAX LOSS COMPANY

Dealing in securities with agreed trading losses of about £250,000. Still trading and willing to sell with or without present holdings. PRICE: £19,000. EXP SECURITIES LTD., 9 Elmwood, London NW11 6RS. 01-458 5384

### ENGINEERING DERBYSHIRE

Respective components with established customers, French, German and Indian for expansion. Ample machinery. Great potential for increased turnover and profits. Price £42,000. Mr. Giles, Beardsley Engineering, 22 Market St., Nottingham. 0662 48751

### BUSINESSES WANTED

### COMMODITY BUSINESS REQUIRED

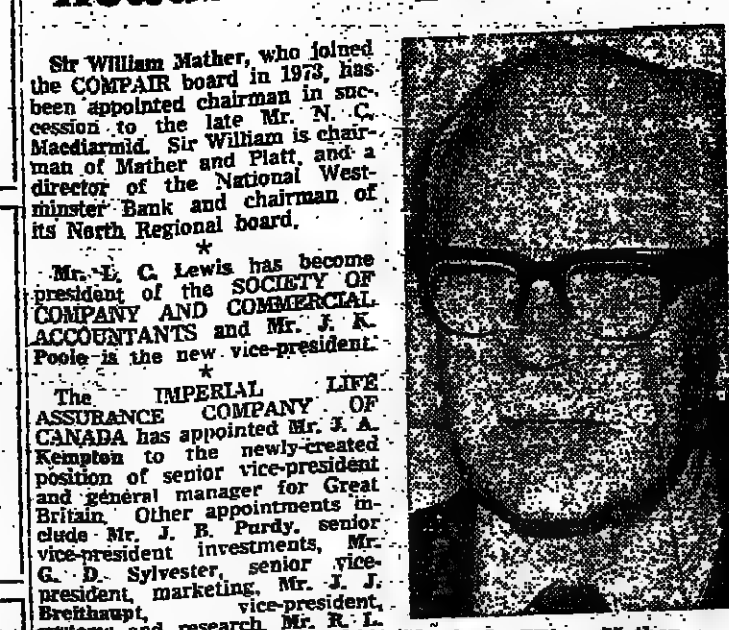
An established Merchandising, Manufacturing or Agency Business (with pre-tax profits up to about £100,000 a year) in speciality commodity articles is sought for purchase by an international group similarly engaged in soft commodities. Principals are invited to exchange preliminary particulars in confidence through—

Mr. Michael Ross, FINNIE ROSS WILD & CO., Chartered Accountants, Lee House, London Wall, London EC2Y 5AX. 01-588 4100

### FASTENER DISTRIBUTOR

Well established Private Company engaged in distribution of industrial threaded fasteners is seeking regional expansion in the South of England, preferably Home Counties, by acquisition of existing distribution business. Write Box G.2099, Financial Times, 10, Cannon Street, EC4P 4BY.

## Sir William Mather heads CompAir



Sir William Mather

Sir William Mather, who joined the COMPAIR board in 1973, has been appointed chairman in succession to the late Mr. J. A. Macdonald. Sir William is chairman of Mather and Platt, and a director of the National Westminster Bank and chairman of its North Regional board.

Mr. E. C. Lewis has become president of the SOCIETY OF ACCOUNTANTS AND MR. J. K. Poole is the new vice-president.

The IMPERIAL LIFE ASSURANCE COMPANY, OF CANADA has appointed Mr. J. A. Macdonald as newly-created Kempton to senior vice-president and general manager for Great Britain. Other appointments include Mr. J. B. Purdy, senior vice-president investments, Mr. G. D. Sylvester, senior vice-president marketing, Mr. J. J. Brethaupt, vice-president, systems and research, Mr. R. L. Dunn, vice-president group insurance and Mr. A. R. Brereton, secretary.

Mr. E. P. Beck has been appointed deputy chairman of JOHN WOLFE AND CO. Mr. A. L. Charnsworth has become managing director and Mr. P. F. Mead, deputy managing director.

Dr. David Smith has been appointed chief executive of ESSO CHEMICAL from August 1 and it is expected that he will be elected a director and chairman of the board. He replaces Mr. Michael R. Schimmenti, who has become vice-president solvents and agricultural chemicals, Exxon Chemical Company, U.S.A.

Mr. G. W. Searle has been appointed chairman and managing director of the LONDON AND SCOTLAND MARINE OIL COMPANY in succession to Mr. G. F. B. Grant, who has retired as chairman.

Mr. E. F. Egan has retired as deputy chairman and as a director of the TRADE INDUSTRIES COMPANY. Mr. W. G. Haslam has been appointed deputy chairman and Mr. P. R. Dugdale has joined the Board.

Mr. G. G. Kluss, manager of INVESTMENTS-UND HANDELSBANK AG London branch, has been made deputy general manager from July.

Mr. W. McChie, company secretary of LEAD INDUSTRIES GROUP has retired and Mr. J. R. McNeill and Mr. T. W. Waller have become joint secretaries.

Mr. Gordon Legat has been elected chairman of the CONTINENTAL OIL ASSOCIATION succeeding Mr. Tom Kay. Mr. Roy Fedley has become vice-chairman.

Mr. Christopher White has been elected president of the Quantity Surveyors' Division of the ROYAL INSTITUTION OF CHARTERED SURVEYORS, succeeding Mr. David Hale. Mr. White is also vice-chairman of the Standing Joint Committee responsible for the Standard Method of Measurement.

Mr. Robert D. Tingey has been appointed controller of financial services, BRITISH SHIPBUILDERS.

Mr. Leslie R. Pinnett has been elected to the Board of CANADA PERMANENT MORTGAGE CORPORATION, Toronto, Canada, and has also joined the Board of CANADA PERMANENT TRUST COMPANY (UK) as chairman.

Mr. Anthony T. Clothier has been elected president of the BRITISH FOOTWEAR MANUFACTURERS' ASSOCIATION, succeeding Mr. Richard M. Jones who has been appointed vice-president.

Mr. Michael A. Hovey has been appointed managing director of the PURDY MACHINERY COMPANY.

## COMPANY NOTICES

## GM BEARER DEPOSITARY RECEIPTS GENERAL MOTORS CORPORATION

Further to the DIVIDEND DECLARATION of 15th May, 1978, NOTICE is now given that the following distribution will become payable to AUTHORISED DEPOSITARIES on and after the 15th June, 1978, against presentation to the Depositary (as below) of Claim Forms listing Bearer Depositary Receipts.

GROSS DISTRIBUTION PER UNIT	7.50 CENTS
LESS 15% U.S. WITHHOLDING TAX	1.125 CENTS
	6.375 CENTS PER UNIT

CONVERTED AT \$1.8425 = 3.45697 PENCE PER UNIT

Relays Bank Limited, Securities Services Department, 54 Lombard Street, EC3P 3AH

15th June, 1978

## EUROPEAN INVESTMENT BANK

7 1/2% 1972/1987 Loan FF 175,000,000. Notice is hereby given to bondholders of the above loan that the amount redeemable on August 1, 1978, i.e. FF 8,750,000 was bought in the market.

Amount outstanding: FF 157,500,000

Luxembourg, June 15, 1978. European Investment Bank

## CANADIAN PACIFIC LIMITED

DIVIDEND NOTICE. At a Meeting of the Board of Directors of Canadian Pacific Limited, held on June 12, 1978, the following dividend was declared: ORDINARY CAPITAL STOCK. A dividend of fifty cents (50c) per share on the Ordinary Capital Stock of the Company, payable on July 13, 1978, to shareholders of record as of June 27, 1978.

PREFERRED SHARES. A dividend of thirty-six cents (36c) per share on the Preferred Shares of the Company, payable on July 13, 1978, to shareholders of record as of June 27, 1978.

By Order of the Board: Vice-President & Secretary. June 12, 1978.

## THE CHILIAN NORTHERN RAILWAY COMPANY

5th FIRST INTEREST PAYMENT. The Chilean Northern Railway Company, Limited, has announced that the first interest payment of 5% on the 1977 Loan, amounting to FF 8,750,000, will be paid on July 13, 1978, to shareholders of record as of June 27, 1978.







## STOCK EXCHANGE REPORT

Trade figures anti-climax for both Gilts and equities  
Slightly easier tendency continues after official close

## Account Dealing Dates

Option  
First Declared Last Account  
Dealing Date  
May 30 June 3 June 6  
June 12 June 19 June 23  
June 26 July 6 July 14

\* New time: dealings may take place from 9.30 a.m. two business days earlier.

British Funds and leading Industrials passed a rather subdued trading session yesterday with underlying sentiment being affected by uncertainty about the May trade figures. In the event, these proved mildly disappointing and the dull tone continued into the late dealings. The Funds, however, showed a slight higher, but doubts about the market's ability to cope with this week's two large tap issues, still prevailed, and the short-dated stocks came in for a fair amount of profit-taking which brought final losses of a half-point. Treasury 14 per cent, 1982, fell that amount to 107 1/2. The longer maturities again showed a rise in the wake of the shorts and early gains of 1/2 were replaced by losses of similar size at the close. Application lists for the £100 of 12 per cent Treasury stock, 2013/17, open and close today.

Lack of support and occasional small offerings prompted a modest reaction in the Industrials and continuation of the trend in the late dealings was reflected in the FT 250 index: this extended a loss of 1.7 at 3 pm to one of 2.7 at the close of 471.9. Activity throughout the session was at an extremely low ebb.

Elsewhere in the equity sector, a rather drab day was enlivened by movements in response to company's announcements, trading news, and continuation of the trend in the late dealings was reflected in the FT 250 index: this extended a loss of 1.7 at 3 pm to one of 2.7 at the close of 471.9. Activity throughout the session was at an extremely low ebb.

The over-subscription, later thought to be very sizeable, of the £100 million, 12 per cent, 1982 issue, underwritten by the Bank of England, was a relief. The issue was underwritten by the Bank of England, was a relief. The issue was underwritten by the Bank of England, was a relief.

Preference, issued by any of

capitalization in ordinary holders. at 53p, after 85p. A drifting tendency was discernible among Southern Rhodesians and some bonds were two points lower including the 21 per cent 1963-70, at 52 1/2.

After a spirited start to around 11 1/2 per cent, the investment currency premium reacted quite sharply to close near the lowest of the day at 11 1/2 per cent, a loss of 11 points on balance. The cessation of recent currency conversion facilities (0.6563 to 0.6569).

Activity increased in Traded Options and the total number of contracts done improved to 357, the highest figure since June 1. Interest continued to be high, and here 1982 deals were recorded followed by 125 in Land Securities.

Renewed demand lifted Eurotherm 6 to 108p, after 108p, in Recent Equities.

Guinness Peat down

The major clearing banks drifted lower on light profit-taking. Further consideration of the proposed share purchase of investment Trust Corporation cash resale to the Post Office Pension Fund left Barclays 5 off at 330p. Lloyds relinquished a similar amount at 275p as did Midland at 360p, while NatWest closed 1/2 cheaper at 270p. Elsewhere, the chairman's reported bid denial prompted a fall in Guinness Peat, which lost 10 to 243p. Among Discounts, Union closed 1/2 to 335p ahead of next morning's interim figures. General and National edged forward 1/2 to 182p and Seaboard Marshall and Cannon gained 1/2 to 230p, the last-named in a thin market. Composite Insurance rarely strayed from their overvalued level, while Willis Faber put on 1/2 to 262p in Brokers.

Brevities closed little changed following a quiet session. Guinness closed 1/2 to 177p ahead of tomorrow's interim report, but both Allied and Bass Charlington closed that amount cheaper at 88p and 155p respectively.

Suspended at 10p during the morning, dealings in J. W. Henderson were resumed following news of the group's acquisition of Centam Roadstone worth 210p per share and the close was 55 up at that level. Increased specula-

five interest lifted Brown and Jackson 8 to 116p, while Breckon and Cloud Hill Lime firmed 6 to 100p in a thin market. J. Smart firmed 3 to 43p after recent weakness on the sharply reduced first-half return, but McNeill fell 1/2 to 46p, reflecting the annual loss and dividend omission. In a thin market, Nottingham Brick moved 3 higher to 280p after the increased interim profits and International Timber improved 1/2 to 220p. Tannock, 4 cheaper at 125p, and Leyland Paint finished a penny higher at 74 1/2p, after 74p, mirroring newspaper mention.

ICI moved between extremes of 220p and 225p, before settling at the latter price, a couple of pence lower on balance. Fisons, however, managed a small improvement at 360p, but Albright and Wilson eased 1/2 to 109p, while the latter price, a couple of pence lower on balance. Fisons, however, managed a small improvement at 360p, but Albright and Wilson eased 1/2 to 109p, while the latter price, a couple of pence lower on balance.

Foodstuffs had little to commend them, and Lyle remained at 170p, while today's interim figures, while Northern Foods, 98p, and J. Sainsbury, 120p, put on 1/2 and 3 respectively. Robertson Foods eased 1/2 to 220p, while the interim figures but rallied to close only a penny cheaper at 131p. Other dull spots took in Fitch Lovell, 2 off at 63p, and Associated Dairies, 4 cheaper at 255p. In Supermarkets, Knish Save Discount improved 1/2 to 89p.

Hotels and Caterers had an easier bias, Grand Metropolitan losing 1/2 to 191p and Trust Houses closed 1/2 to 142p. Most houses, however, attracted fresh speculative support and closed slightly harder at a 1978 peak of 39p.

The mildly disappointing 1/2 trade returns for May failed to make much impact on the miscellaneous industrial leaders, which closed narrowly mixed. Beecham closed 1/2 to 142p, while Glaxo drifted back from an earlier enhanced level of 39p to close unaltered at 50p. But Pilkington lost 4 at 48p, and Associated Dairies, 4 cheaper at 255p, while Bowater hardened 1/2 to 109p. Glaxo drifted back from an earlier enhanced level of 39p to close unaltered at 50p. But Pilkington lost 4 at 48p, and Associated Dairies, 4 cheaper at 255p, while Bowater hardened 1/2 to 109p.

Elsewhere, a resurgence of speculative bid hopes helped extricate touch 144p before a close of higher balance at 142p, while Bath and Portland rose 1/2 to 32p, after 31p, on fresh speculative interest ahead of the forthcoming half-yearly figures. A report that the UK's oil machinery subsidiary, Gulick Dobson has to employ more workers to cope with increased demand helped Dobson Park encounter a rise of 1/2 to 109p. Castors and Wheels hardened 1/2 to 36p following the higher half-year earnings. Avon Rubber hardened 1/2 to 192p on speculative interest, while the latter price, a couple of pence lower on balance. Fisons, however, managed a small improvement at 360p, but Albright and Wilson eased 1/2 to 109p, while the latter price, a couple of pence lower on balance.

Small sellers in front of today's interim results clipped from S. and W. Bedford at 127p, in respective rises of 6 and 7 in Hutchison, 102p, and Jardine Matheson, 102p. Recent speculation that the UK's oil machinery subsidiary, Gulick Dobson has to employ more workers to cope with increased demand helped Dobson Park encounter a rise of 1/2 to 109p.

Clays softened a penny to 78p following small nervous offerings. In front of today's first-half figures and Continuous Stock Exchange similar to 31p after the results. Johnson Matthey relinquished 3 more to 423p following

comment on Tuesday's disappointing results, while De La Rue lost 1/2 to 32p. Heron reacted afresh to 126p in Motors and Distributors, before closing 9 easier on balance at 133p. Peninsula Motor, a firm market of late, met with profit-taking and fell 3 to 109p, while similar losses were sustained by Group Lotus, 49p, and Armstrong Equipment, 67p. Hartwell, contrasted with a rise of 9 to 106p, after 100p, on the dividend boosting rights issue proposal. Lookers rallied 4 to 66p on revived demand, while modest gains were established by Rolls-Royce, 85p, and Supra, 38p. Continental had an isolated fifth spot in Plaxton's (Scarborough), 3 better at 53p. Crane Fuelcraft 1 per cent debenture 1985-91, were marked up 1/2 points to 287 on the company's proposal.

Further demand raised Associated Book Publishers 8 to 248p, but lack of interest in Newspapers left News International 7 down at 235p and Thomson's 7 down at 235p. In Paper/Printings, Trident was lowered to 48p on initial disappointment with the results, but recovered to end a net penny to 49p.

Leading Properties met with little business and held their overnight levels, but the occasional feature appeared among secondary houses, Chesham Estate firmed more to 275p, after 260p, in continued response to the 2.6 per cent stake acquired by British Land, while Great Portland Estates, a steady 1/2, on the higher profits and 50 per cent scrip issue. Apex, 210p, and Imray, 315p, improved 1/2 each in this market and similarly Chesterfield firmed 4 to 109p, after 105p, on the higher profits and 50 per cent scrip issue.

Elsewhere, Ruck and Tompkins put on 1/2 to 121p, as bid rumours revived.

Oil mixed

Oil presented a mixed picture with British Petroleum firmed 1/2 to 86p on a bid for 100,000 tons of oil, while Shell and Esso held their overnight levels, but the occasional feature appeared among secondary houses, Chesham Estate firmed more to 275p, after 260p, in continued response to the 2.6 per cent stake acquired by British Land, while Great Portland Estates, a steady 1/2, on the higher profits and 50 per cent scrip issue.

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## FINANCIAL TIMES STOCK INDICES

	June 14	June 13	June 12	June 9	June 8	June 7	1 Year Ago
Quotations from 10.30 a.m. to 4.30 p.m.							
Fixed Interest	72.48	72.36	72.26	71.70	71.19	70.96	68.57
Industrial Ordinary	471.9	474.6	473.8	466.8	469.8	474.5	450.2
Gold Mines	158.5	160.9	158.2	157.5	161.0	158.5	150.4
Oil, Dev. Yield	8.60	8.58	8.51	8.55	8.54	8.58	6.20
Overseas Govt. Bonds	16.38	16.36	16.35	16.31	16.38	16.38	16.38
Share Repurchase (1)	8.20	8.23	8.18	8.10	8.16	8.24	0.10
Share Repurchase (2)	8.85	8.85	8.87	8.86	8.85	8.85	8.85
Share Repurchase (3)	78.06	78.70	78.29	78.94	78.67	78.67	52.37
Share Repurchase (4)	115.44	115.44	115.44	115.44	115.44	115.44	115.44
Share Repurchase (5)	115.44	115.44	115.44	115.44	115.44	115.44	115.44
Share Repurchase (6)	115.44	115.44	115.44	115.44	115.44	115.44	115.44
Share Repurchase (7)	115.44	115.44	115.44	115.44	115.44	115.44	115.44
Share Repurchase (8)	115.44	115.44	115.44	115.44	115.44	115.44	115.44
Share Repurchase (9)	115.44	115.44	115.44	115.44	115.44	115.44	115.44
Share Repurchase (10)	115.44	115.44	115.44	115.44	115.44	115.44	115.44

10 am (4.11) 11 am (4.11) 12 noon (4.11) 1 pm (4.11) 2 pm (4.11) 3 pm (4.11) 4 pm (4.11)

\* Based on 50 per cent corporate tax rate. \*\* Based on 100 per cent corporate tax rate. \*\*\* Based on 100 per cent corporate tax rate.

Source: Financial Times, 100, Broad Street, London W1C 1JH. Tel: 01-235 1234. Fax: 01-235 1234.

Highs and Lows S.E. Activity

	High	Low	High	Low	High	Low	High	Low
Govt. Bonds	78.58	68.70	127.4	49.19	170.5	170.5	170.5	170.5
Fixed Int.	81.37	70.75	150.4	50.43	170.5	170.5	170.5	170.5
Ind. Ord.	497.8	435.4	150.4	50.43	170.5	170.5	170.5	170.5
Gold Mines	158.5	160.9	158.2	157.5	161.0	158.5	158.5	158.5

Active Stocks

Stock	Denomina- tion	No. of Shares	Closing price (p)	Change on day	1978 high	1978 low
Barclays Bank	£1	10	330	-	330	286
BATF Defd.	25p	9	285	-	285	227
BP	1p	9	88	+8	88	72
Burmah Oil	1p	9	391	-	391	338
ICI	1p	8	260	+3	260	106
Anglo Utd. Dev.	1p	7	243	-	243	233
GEC	1p	7	165	+4	165	99
Letrasat Intl.	1p	7	489	-	489	462
Pilkington	1p	7	138	-	138	102
Shell	1p	7	434	-	434	375
Selection Trust	1p	7	434	-	434	375
Shell Transport	1p	7	530	-	530	484
Western Mining	1p	7	157	-	157	84
Dunlop	1p	6	78	-	78	71
Imperial Group	1p	6	78	-	78	71

## OPTIONS

DEALING DATES  
First Last  
Deal Declared  
ings tion  
June 7 June 20 Aug 31  
Deal Declared  
ings tion  
June 7 June 20 Aug 31  
Deal Declared  
ings tion  
June 7 June 20 Aug 31

## NEW HIGHS AND LOWS FOR 1978

The following securities traded in the London Stock Exchange during 1978.

NEW HIGHS (171)

NEW LOWS (12)

AMERICAN (7)

BRITISH FUNDS (1)

EUROPEAN BONDS (1)

INDUSTRIAL (1)

INSURANCE (1)

PROPERTY (1)

RETAIL (1)

SHIPPING (1)

TELECOMS (1)

TEXTILES (1)

TRANSPORT (1)

UTILITIES (1)

WINE & SPIRITS (1)

WINE & SPIRITS (1)

WINE & SPIRITS (1)

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## OFFSHORE AND OVERSEAS FUNDS

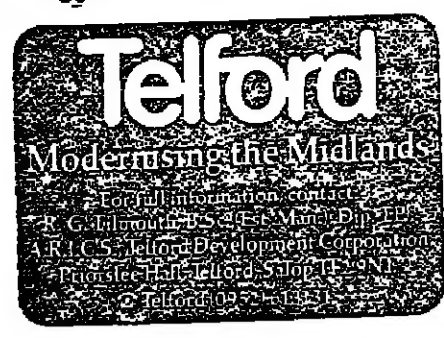
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1 Royal Exchange, Ave., London, EC3V 3LE Tel: 01-253 1101.
Box or Guide us at 7th June, 1978 (Base 100 at 141.77)
Our Fixed Interest Capital ..... 126.93
Our Fixed Interest Reserves ..... 112.91

**INSURANCE RAGE RATES**

Vanbrugh Guaranty and Indemnity Co., 90  
Address given to the Insurance and Property Bond Table.





# FT SHARE INFORMATION SERVICE

## FOOD, GROCERIES - Cont.

Stock	Price	High	Low	Open	Close	Change
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
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## ENGINEERING - Continued

Stock	Price	High	Low	Open	Close	Change
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
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Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00

## CHEMICALS, PLASTICS - Cont.

Stock	Price	High	Low	Open	Close	Change
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
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Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00

## BANKS & HP - Continued

Stock	Price	High	Low	Open	Close	Change
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
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## BONDS & RAILS - Cont.

Stock	Price	High	Low	Open	Close	Change
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
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Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00

## BRITISH FUNDS

Stock	Price	High	Low	Open	Close	Change
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
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Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00

## AMERICANS

Stock	Price	High	Low	Open	Close	Change
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00

## Over Fifteen Years

Stock	Price	High	Low	Open	Close	Change
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00

## Undated

Stock	Price	High	Low	Open	Close	Change
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00

## INTERNATIONAL BANK

Stock	Price	High	Low	Open	Close	Change
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Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00

## CORPORATION BONDS

Stock	Price	High	Low	Open	Close	Change
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00

## Public Bond and Ind.

Stock	Price	High	Low	Open	Close	Change
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
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Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00

## FOREIGN BONDS & RAILS

Stock	Price	High	Low	Open	Close	Change
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Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00
Anglo Sweets	12.50	12.50	12.50	12.50	12.50	0.00

## FINANCIAL TIMES

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## CHEMICALS, PLASTICS

171	600	ARZO	111 1/2			
172	600	Atlantic Wilson	25 1/2			44.61
173	600	Aluminate Dies	35 1/2			413.96
174	600	Aluminate Dies	35 1/2			
175	600	Aluminate Dies	35 1/2			
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Gen. Accident	17	P. & O. Ltd.	8	Barnham Oil	3
Gen. Electric	18	Plassey	8	Charterhall	3
Gilbey	40	R.H.M.	5	Shell	20
Grand Met.	9	Bank Org. 'A'	18	Ultramar	20
H.B.S. & V.	20	Reed Intnl.	12		
Indian	19	Spillers	3	<b>Mines</b>	



## Education awards by companies to become taxable

**BY ERIC SHORT**

SCHOLARSHIPS awarded by companies to directors or higher-paid employees to assist in the cost of educating their children are to be taxed as benefits in kind.

The move, announced by the Inland Revenue yesterday, is a further stage in the clampdown on fringe benefits for the higher paid. It is likely to arouse considerable opposition from the companies and employees involved.

Many scholarship schemes have been established for a long time, including those of Imperial Chemical Industries and Barclays Bank. And a plethora of further educational trusts have been set up very quietly since the Finance Act, 1976, which contains provisions for the taxation of benefits in kind for directors and higher-paid employees, primarily to take advantage of an apparent concession on educational trusts.

Under Section 373 of the Income and Corporate Taxes Act, 1970, income from scholarships was exempted from tax. And until now the Revenue has not sought to tax educational scholarships awarded by companies to members of an employee's family on the grounds that Section 373 provided such an exemption.

Now the Revenue has taken the opposite view in that Section 373 does not override Section 61. It is therefore applying the benefit in kind provisions to all scholarship awards made as from yesterday. But it will not be applied retrospectively.

### Lower-paid

In practice, this meant that directors and higher-paid employees—those earning £7,500 or more—will have the cost of the scholarship awards to their children or other members of the family added to their emoluments and taxed. Lower-paid employees will not suffer since the rates for them are different. The scholarships would be taxed on its "net" value and this is non-existent.

The only exception being allowed is where there is a fortuitous connection in the award of a scholarship and employment. This could occur with a scholarship scheme awarded by a company but available to the general public and it happens that a successful applicant is the child of a director or higher-paid employee of that particular company. Making the scheme available to all employees of the company is not sufficient to avoid tax.

Tax accountants were quick to react to the Revenue action. Mr. Roger Brown, a partner in Deardens, chartered accountants, said that "very large sums of money are involved." He predicted that the matter would end up before the courts.

Continued from Page 1

## Fishing

and do not take his hints of a bilateral deal very seriously.

Christopher Parkes writes: In London Mr. Silkin spoke openly of his plans to discuss the possibility of a bilateral fishing deal between the UK and Norway.

Reaffirming the Government's determination to win more concessions for the UK fishing fleet, he accused the other EEC governments of being "inflexible" and warned he was confident of winning any drawn-out war of nerves.

Britain could tolerate the absence of a common policy longer than other Community countries, he claimed.

The strongest opposition to the Minister's drive to win special fishing rights for the UK fleet within a band 12 to 50 miles from the British coast comes from West Germany.

British waters comprise some 60 per cent of the whole EEC fishing zone, and the most worthwhile stocks of fish are found within 50 miles of the UK coast.

These are the fish which will most probably be traded off against fishing rights for EEC trawlers in non-Community waters. But no such bargains can be struck until the Nine's internal wrangles have been resolved.

In attempting to win the best deal possible for the British deep water and coastal fleets, Mr. Silkin is therefore frustrating German efforts to win back access to rich grounds off Iceland.

A bilateral deal between West Germany and Iceland is not possible mainly because the Federal Republic's waters hold no attraction for the Reykjavik Government.

The Danes and the Dutch, who have more to lose than the Germans in the longer term, have so far ridden along with the Boon offensive. Mr. Silkin's renewed resolve, however, may now persuade them to adopt a more "flexible" approach.

## Shell halts design work on £200m plant

BY KEVIN DONE, CHEMICALS CORRESPONDENT

SHELL CHEMICALS UK has halted design work on a £200m petrochemical plant planned for its Stanlow site on Merseyside. The 350,000 tonnes a year ethylene plant is now not likely to be built before the mid-1980s.

The plan, announced more than a year ago, has been hit by the drastic fall in the expected growth rate of petrochemical markets in Western Europe and by the resulting serious overcapacity in petrochemical plants. Ethylene is the most important base petrochemical. It is used in making a wide range of products from plastics and fibres to detergents, paints and anti-freezes.

A decision on the future of the project hinges on Esso Chemicals' plan to build an even larger ethylene cracker at Moss-ran, Fife, in Scotland. Shell has agreed to take 40 per cent of the production of the Moss-ran cracker, if it is built.

Mr. Gerard Fairclough, managing director of Shell Chemicals UK, said yesterday it was very unlikely that the two plants would be built simultaneously. Esso is due to decide on its project at the end of the year.

He said the Shell plans for a cracker had been "frozen" after the preliminary design stage.

Shell is pushing ahead with its other major expansion project, the construction of a 250m higher olefins plant, also at Stanlow. Higher olefins are used as raw materials for such things as detergents, plastics and oil industry additives.

Mr. Fairclough said the company hoped to seek main board approval for the plant in the autumn, probably in September.

**Estimates**

The plant would become a heavy additional ethylene user, but Mr. Fairclough said he was confident sufficient ethylene would be available in the UK from other producers for a number of years.

The latest company estimates suggest that even if the 500,000 tonnes a year Moss-ran cracker does not go ahead there will be enough ethylene capacity in the UK to meet expected demand until at least 1985. ICI and BP are building a £150m, 300,000 tonnes a year plant at Teesside. This is due to come

on stream at the turn of the year. The start could be affected by the industrial dispute at ICI's Wilton site on Teesside. This is threatening to shut some plants and delay the commissioning of new units.

The latest financial results from Shell Chemicals UK demonstrate the severe difficulties facing petrochemical producers. The company announced yesterday that it made a loss of £3.1m in the first three months of the year, compared with a profit of £6.5m in the same period last year.

Mr. Derek Crofton, finance director of Shell Chemicals UK, said there had been a very slight recovery in the volume of sales in the home market compared with October-December last year, when the company made a loss of £3.7m. But exports continued to shrink, both in terms of tonnage and prices.

In the first quarter of last year the company was "on the crest of a wave," Mr. Crofton said. The situation deteriorated and substantial losses were made in the second half of the year.

The company has been helped recently by a significant fall in feedstock costs.

**ICI gives closure timetable**

BY NICK GARNETT, LABOUR STAFF

IMPERIAL Chemical Industries said yesterday that the shutting down of two or three of the smaller plants on its petrochemical site at Wilton, Teesside, would probably begin within four to six weeks.

This is in addition to the smaller of its two ethylene plants which is being shut from Monday in a dispute with two of the company's unions over the use of training of workers and service and maintenance control-room instrumentation.

The shut-down plan is based on ICI's belief that the 18-month dispute will not be resolved quickly.

Mr. Brian Jenkins, personnel and Wilton site co-ordinating director, said there was "no reason to expect it won't go on."

No further meetings between the two sides have been planned. More plants on the site are likely to be affected but the company says any repercussions on the wider economy would not be felt for some time.

The company is maintaining production of the larger of its two ethylene crackers which, with a capacity of 450,000 tonnes, is more than twice as large as the one that is being shut.

The close-down programme, which ICI says has been forced on it by a severe shortage of instrument artificers, will affect about 30 workers to begin with.

The company will attempt to find alternative employment for these men, who work on the ethylene plant, within ICI.

If the dispute continues, a further 100 to 200 jobs could be put at risk within about six weeks.

The Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union are refusing to co-operate on the training of fitters and electricians as artificers until the company improves pay rates for craft workers.

The union says the shortage of artificers, who are vital to the safety and reliability of high pressure chemical processes, can only be overcome by improvements in wage rates.

The company maintains that it could keep sufficient numbers of internally trained artificers to help it solve its undermanning in the control rooms.

News Analysis Page 8

**Chrysler sales may be hit by criticism of small cars**

BY JOHN WYLES

THE sales prospects of Chrysler's new small car design, marketed as the Dodge Omni and the Plymouth Horizon, may have suffered a severe blow today.

The models became the first U.S.-produced cars this decade to be labelled "not acceptable" by a leading American consumer organisation.

Chrysler quickly responded that the designation was "grossly unfair." But this award from Consumer Reports, the monthly magazine of the Consumers Union, attracted heavy media attention today. It could have an immediate impact on the market for the cars, which have sold 165,000 since they were launched at the start of the year.

The cars are not sold in the U.K., but are sold in Europe as the Horizon.

Chrysler already expects to lose money this year and can ill afford a sales decline when the new car market is buoyant.

The controversy has attracted the attention of the National Highway Traffic Safety Administration, the U.S. Government's safety watchdog. It said the

magazine's reports were "potentially very serious" and the Administration would look at its testing methods and findings.

No consumer group has ever steering had been received from Omni/Horizon owners.

The magazine concluded after testing three Omni/Horizon cars that the design was "the most unfortunate car of the year."

Its claim was based on the results of "directional stability tests," one of which involved twirling the steering wheel and then letting it go when the car was travelling in a straight line at 50 miles an hour.

Journalists were shown how the car veered from side to side instead of straightening itself in a way which had been demonstrated by about 150 other models tested by the magazine in recent years.

In a second test to establish the vehicle's stability while swerving around obstacles again at 50 miles an hour, the film showed the car swinging out of control and turning a full 180 degrees.

The magazine's testers gave the

opinion that controlling the car in such a situation "could require more driving skill and experience than most normal professional drivers possess."

After 500-500 Mr. Chris Kennedy, Chrysler's manager for motor safety development, said the "twirling test" was "unusual and freakish and has no relationship to the use of the car by customers."

He acknowledged that Chrysler had discovered the erratic behaviour in its own testing. The company had not found the car unstable in avoiding an obstacle as Consumer Report said.

General Motors Corporation said it would recall a total of 588,000 1977 and 1978 cars in two separate actions.

About 333,000 1978 cars equipped with certain V6 and V8 engines will be recalled to determine whether the engine assembly needs replacement.

In addition 255,000 mid-size 1977 cars will be recalled to determine whether the rear axle shafts require replacement.

**TUC plans autumn campaign for shorter working week**

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GROUNDWORK for a general trade union onslaught this autumn against the 40-hour working week is being prepared by the TUC, it emerged yesterday.

Some unions, notably the Transport Workers, have already determined to make 1978 the year in which to fight for shorter week and other work sharing devices to help the unemployed.

The campaign will now be greatly strengthened by a policy paper being prepared for next month's meeting of the TUC economic committee. The policy would eventually be incorporated in the general council's report to September's Trade Union Congress in Brighton.

Calls for a detailed assessment of work-sharing—principally by a phased cut in the working week to 35 hours—were made at yesterday's meeting of the economic committee.

TUC officials have already started work, prompted by a recent article in the Department of Employment Gazette which warned that a cut in hours would lead to huge amounts of extra overtime, could be expensive and inflationary, and could leave Britain at a competitive disadvantage.

That assessment has been sharply attacked by the trade union research unit at Ruskin

College, Oxford, and the TUC will now investigate the assumptions on which the Department's work is based. A key point in the argument is whether the last cut in the working week, between 1964 and 1966, did or did not lead to an equivalent drop in the number of hours worked.

British unions have been encouraged by the success of their Belgian counterparts in the public services and in many private firms, including oil companies, in winning a week of 35 hours or less.

Work-sharing was the subject of a recent meeting in Brussels between the European Trades Union Confederation and Mr. Henk Vredeling, the EEC commissioner with responsibility for social affairs, and it will be on the agenda of the Council of Europe meeting in Bremen next month.

Firemen's talks founder

Page 16

**Jobs claim denied**

BY DAVID FREUD

THE INCREASE in employers' National Insurance contributions proposed last week would not cause additional unemployment, senior Whitehall officials said yesterday.

Witnesses before the Commons Expenditure Committee's social services and unemployment sub-committee denied Confederation of British Industry claims that the 2½ per cent surcharge on contributions would cost 100,000 jobs.

Mr. Tony Larsen, Under-Secretary at the Department of Employment said the surcharge had been proposed to recover the £500m revenue lost as a result of the Opposition's tax-cutting amendments in the Budget.

He believed that the adverse unemployment effects of the surcharge were likely to be more than counter-balanced by the beneficial effects on economic activity of the amendments.

The Department of Employment felt that, taken on its own, the surcharge could cost about 60,000 jobs. Increasing value added tax to 10 per cent would have had roughly the same effect.

Mr. Frank Cassell, Under-Secretary at the Treasury, said the CBI was looking at the surcharge totally in isolation from all the other tax changes. The reductions in income tax, the amendments will themselves create employment," he said.

## Comecon plans big change in voting system

By Roger Boyes

COMECON, the east European economic alliance, is considering a crucial change in its voting system. This could force the economic policies of smaller Communist states into line with the Soviet Union and provoke serious strains within the bloc.

The nine Comecon members—the Warsaw Pact states plus Mongolia and Cuba—are expected to discuss the new voting proposals at a summit in Bucharest at the end of this month. The proposals, according to east European diplomats, would mean a shift from the unanimous voting procedure to a system making majority decisions binding on all member countries.

Dissenting Comecon states so far have been able to express their disapproval with the alliance's decisions by simply not taking part in the final vote. Although the vote would be presented to the outside world as unanimous, the dissenting states could ignore the decision unless other pressures were brought to bear.

If the new voting system goes into effect, Russia, which seeks complete integration within the alliance, could make majority decisions on such big issues as economic integration and industrial specialisation binding on dissenting states.

As a result, Russia, which at present often has to achieve its aims in the alliance through informal means or at the planning committee stage, would be able to act with the full weight of Comecon behind it. States which declined to participate in certain decisions, in theory could have sanctions applied against them.

These powers particularly would affect Romania, which alone among East European states has a bilateral agreement with the EEC. This provoked strong criticism from Russia and it is conceivable that Comecon, with majority backing, could declare itself against such agreements. Romania then would be faced with the alternative of leaving Comecon or rescinding its agreement with the European Community.

**Supporter**

Romania's disquiet with the proposals was made clear in a report from Bucharest issued by Tanjug, the Yugoslav news agency. Often, when Romania wants to express disagreement with Warsaw Pact or Comecon policies, it does so through the media friendliness of one of its closest friends.

The Tanjug report was quite unambiguous about Romanian feelings: "According to Romanian economic experts, the new clause in the statute would run counter to strengthening the economic sovereignty of the members. Romania is a strong supporter of economic sovereignty for Comecon countries."

Romania is also a strong proponent of bilateral agreements. These agreements often involve only two or three countries in the alliance and promote a relatively intensive degree of economic co-ordination and co-operation within a small geographic area.

Other east European countries, including Bulgaria and Hungary, also favour such arrangements, which are rarely mentioned publicly.

**Trade**

was only 1 per cent up during the year as a whole and was less than 2 per cent higher than the average for 1977 as a whole.

The underlying growth in imports looks like being more rapid this year. The volume of finished manufactured imports has risen by 11 per cent in the last three months to a level more than 8½ per cent higher than the average for last year, reflecting the marked recovery of consumer spending.

Moreover, purchases of industrial materials have remained at a high level after the 12½ per cent jump in the first quarter. This increase may not have reflected on exceptional build-up of stocks of raw materials as officials had hoped at the time.

Consequently only the rising rate of production has ensured a total export volume increase of 2½ per cent in the last three months and an import volume drop 1 per cent over the period. Both figures exclude erratic items.

The official view is that there is so far no reason to revise forecasts of a £750m surplus for the year as a whole after an £11m current account deficit in the first five months.

The latest figures include revised estimates for invisible earnings: the monthly surplus is now running at £120m, rather than £100m as previously stated. This compares with a monthly average of about £90m in the first quarter.

The difference between the estimates is that earlier figures were adversely affected by exceptionally heavy payments to the EEC in the first quarter.

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## Westland takes a nose-dive

Index fell 2.7 to 471.9

Far from being a recovery year, it now looks as if 1977-78 could end up as Westland Aircraft's least profitable period for the last decade. At this stage the company seems to be in little doubt that there will be a substantial reduction in last year's pre-tax figure of £5.5m though it is not yet talking of an overall loss for the year. In 1976-77 profits were severely checked by net provisions of £6.1m, mainly relating to a Ministry of Defence contract for the Lynx helicopter signed in 1973.

Westland said last winter that although the MoD contract looked unlikely to produce profits for another 18 months, management was determined that the contract "must not require any further provisions."

Now only six months later it seems clear that "a substantial increase" will be necessary in existing Lynx provisions. The exact amount of additional provision could, Westland says, "be as great as last year or even more."

Altogether this suggests that Westland's largest operating unit—helicopters—will end the year with a loss, against a profit of £3.4m last time. Though in most other parts of the group profits have been good, it is hard, from what Westland is now saying, to come up with a group pre-tax figure of more than £3m.

The problem is the helicopter factory at Yeovil, where the earnings of some 2,000 employees are determined by the piecework earnings of less than half that number. Negotiations are still going on and provisions now made (and anticipated) take into account likely levels of wage inflation over the next year at least.

Thanks to substantial advance payments, including £15m in respect of the new Egyptian deal, Westland's balance sheet does not show excess gearing. But it has not produced a proper return for some years now.

Before the news, Westland's share price closed yesterday at 52p (a market capitalisation of £31m) its highest point for the year. But with the interim dividend skipped, and the final in some doubt, the trend can only be down.

The long tap

The stags obviously had a hey day with the tiny 27m South Tyneside issue, which was more than 100 times oversubscribed, but they are likely to steer clear of the long tap when application lists open this morning. The speculative euphoria which its main product and the com-

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**Odgers**

MANAGEMENT CONSULTANTS

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